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Outlines of the Balkan Plan: A Fragile Basis for Peace

By Roger Cohen
New York Times Service

WASHINGTON — The Croats have what they want. The Serbs are exhausted. The Muslims see no better option. That, four years after the wars of Yugoslavia's destruction began, is the basis on which the United States was able to announce the outlines of a road to Balkan peace.

It is a grim and perhaps fragile basis for a settlement. America took the lead in pushing for peace only after about 3 million people had lost their

homes and more than 200,000 had been killed. The result is a deep reservoir of bitterness, particularly among Bosnian Muslims, that could easily trigger renewed fighting.

This legacy, with hordes of refugees, may weigh

NEWS ANALYSIS

on the area for years. But for now, it is clear that exhaustion and a rough balance of power in the area, combined with the bullying ingenuity of Richard C. Holbrooke, the chief U.S. negotiator, made peace a real possibility.

There is still a long way to go. The central issue that has defeated all previous attempts at mediation — the division of territory — remains unresolved. In the last four years, negotiation has never caused a square foot of Bosnian land to change hands. That has been done by force alone.

"I don't think it's in the bag," said a senior State Department official. "There are very tough issues to deal with on the map, especially the fate of Sarajevo. But there's never been an opportunity like this one."

Radical changes on the ground in the last three years have created that opportunity. The Croats are now largely satisfied. They have recovered all but 3

percent of their territory within Croatia and grabbed perhaps one-fifth of Bosnia. Greater Croatia exists. This is almost certainly enough to ensure the re-election of President Franjo Tudjman this month.

The Serbs, meanwhile, have suffered serious military setbacks, losing the Krajina area of Croatia and seeing their share of Bosnia dwindle to about 49 percent from close to 70 percent. The ability they long enjoyed to dictate terms has also evaporated.

This reverse has been rooted in the decision of

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Clinton Defends Foreign Policy He Asks for Support On Troops in Bosnia

By Todd S. Purdum
New York Times Service

WASHINGTON — In a sweeping defense of his administration's foreign-policy record, President Bill Clinton on Friday denounced what he called an "isolationist backlash" abroad in the nation, appealed for public support to send United States troops to police a Bosnian peace accord and said American diplomacy "can only succeed if we continue to lead."

In what the White House billed as a major speech, Mr. Clinton sought to tie together disparate administration efforts — from military intervention in Haiti and loans for Mexico to peace talks in Northern Ireland, the Middle East and the Balkans — to argue that they have borne fruit, even if many were initially unpopular.

The president also contended that his policies were not haphazard, as his critics have asserted, but that the end of the Cold War had eliminated the organizing principle of more than four decades of U.S. policy without providing a clear substitute.

As a result, he said, many Americans have been puzzled by Washington's response to international hot spots, even as global problems like the environment, terrorism and drugs have made old distinctions between foreign and domestic policy almost meaningless.

"To use the popular analogy of the present day, there seems to be no mainframe explanation for the PC world in which we're living," Mr. Clinton told a gathering of Freedom House, a nonpartisan group that promotes international democracy, using the difference between large computers and the desktop variety to make his point.

"We have to drop the abstractions and dogma

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President Clinton, speaking Friday in Washington, saying that the United States will take a major role in enforcing a Bosnia peace accord.

NATO Chief Said to Face Corruption Indictment

Parliament Is Asked To Charge Willy Claes, Belgian Media Report

BRUSSELS — Belgium's highest court has accused NATO's secretary-general, Willy Claes, of corruption in a bribery scandal and requested his indictment by Parliament. Belgian media reported Friday.

Television networks opened their evening newscasts by saying that the Cour de Cassation, in a report to a parliamentary commission, asked that Mr. Claes be charged with corruption. Such a move would renew the threat to his tenure as the chief of the 16-nation North Atlantic Treaty Organization.

BRIN radio first reported the charges, which it said are contained in a report prepared by a public prosecutor at the Cour de Cassation, Belgium's top court.

"The Cour de Cassation is asking Parliament to indict Claes," the radio station reported. "The public prosecutor is accusing Claes of corruption and forgery."

Mr. Claes, at a meeting of NATO defense ministers in Williamsburg, Virginia, said: "I am totally innocent. I have never done anything wrong."

He said that neither he nor his lawyer had received any details about the court's report to Parliament. "I am confident in justice," Mr. Claes added.

No one at Parliament, the court or NATO would comment on the report.

The scandal centers on charges that members of the Socialist Party took bribes in 1988 to approve a military contract. Mr. Claes was a minister in the Belgian government at the time. The parliamentary commission will meet again Tuesday to discuss the case.

Last May, investigators questioned Mr. Claes for two days. He has denied any wrongdoing.

Investigators charge that in 1988 the Italian aircraft company Agusta paid 50 million Belgian francs (\$1.7 million) in bribes to obtain a 12 billion franc government defense contract. As economics minister at the time, Mr. Claes had a hand in approving the contract.

Critics of Mr. Claes have urged him to resign because the case was hurting NATO's credibility and damaging his ability to lead the alliance.

But throughout the scandal Mr. Claes has received firm official backing from the 16 NATO countries.

Mr. Claes has acknowledged hearing party members mention the bribery offer, but has said he warned them not to accept any money.

The scandal has rocked Belgian politics for years. Four high-ranking Socialist politicians, including a foreign minister and a transport minister, have been forced to resign because of their involvement.

The murder in 1991 of a leading Socialist politician and the suicide last March of a former chief of the air force have been linked to the scandal.

The newscasts did not give sources for their reports, but implied that the news had emerged after a special parliamentary commission began work on a request from the Cour de Cassation to continue its investigation into the affair.

To back up the request, the prosecutor in charge of the case, Jacques Velu, sent his report to Parliament early in September. The lower house set up the commission to decide how to deal with the request and to advise Parliament.

BRIN radio said Parliament would have to vote on the prosecutor's request, but did not give a date.

In Belgium, politicians can only be investigated with the approval of Parliament.

The 11 commission members were allowed to read Mr. Velu's report for the first time on Friday. (AP, Reuters)

Under Heavy Fire, Juppé Acts to Defuse Housing Affair

Compiled by Our Staff From Dispatches

PARIS — With his popularity ratings and the French franc in a nosedive because of pressure on his government, Prime Minister Alain Juppé said Friday that he and his son would move out of apartments owned by the City of Paris following a damaging controversy over the conditions of their leases.

Mr. Juppé made the statement in an interview with France-Culture radio after justice sources disclosed that the Paris public prosecutor had opened a preliminary investigation into whether he had broken the law by taking the lease while he was the city's finance chief.

"My children have moved or are about to move in the coming weeks, and I will do the same to close an episode that has deeply wounded me," the prime minister said.

Mr. Juppé's legal problems combined with doubts over France's ability to cut public-sector deficits and concern about a one-day public service general strike next Tuesday to drag down the franc. Unions representing Air France workers called on their members Friday to join the walkout.

To make matters worse, a terrorist bombing campaign resumed Friday despite hopes by a government that the terror network had been dismantled with the killing or capture of leading suspects last week.

Two opinion polls published Thursday showed the prime minister's popularity

had slumped dramatically, apparently due to a mixture of the housing scandal and economic grievances.

The franc's sharp drop against the Deutsche mark prompted the Bank of France to take emergency action to defend the beleaguered currency.

The move by the Bank of France, which came after sell-off of the franc caused the mark to soar above 3.52 francs during the day, from less than 3.47 francs on Thursday, was being described Friday by some economists as a prelude to an interest rate hike if the franc remains under siege.

While analysts cited several economic and political reasons for the franc's nosedive, they singled out the mounting uncertainty over the future of Mr. Juppé.

A taxpayers' association has filed a civil lawsuit alleging that Mr. Juppé acted illegally by cutting his son's rent and leasing an apartment himself, renovated at taxpayers' expense, at a time when he allegedly controlled the city's private housing domain.

The preliminary inquiry, the lowest level of judicial investigation, will result in a decision either to pass the case on to an examining magistrate for eventual charges to be brought, or to drop it.

"If the justice authorities consider there is a case, it is up to them to say so and I will not lift a little finger to stop them in any way," Mr. Juppé said. "Let the legal proceedings take their course, it's that simple." (Reuters, AP, AFP)



A Paris trader pondering the franc's fall Friday. Page 13.

Why 'Man' Climbed Down Out of Trees New Research Finds Evidence of Crucial Cooling in East Africa

By Robert Lee Hotz
Los Angeles Times Service

LOS ANGELES — On the coast of Africa, a Columbia University expert has discovered the first detailed evidence of ancient changes in climate that, like an implacable hand of fate, may have spurred human evolution.

No one knows for certain what first forced humanity's remote apelike ancestors to forsake the trees they called home, why some prehuman species surpassed others, or why primitive human ancestors migrated out of their African homeland. There are, experts say, as many theories as there are fossils.

But the new research suggests that weather may be at the root of the human family tree.

An analysis of ocean sediments published Friday in the journal *Science* shows that in the last 3 million years the cradle of

humankind in East Africa was rocked three times by abrupt cycles of colder, drier climate. Each cycle of change coincided with the demise of some prehuman species and the development of those who became the forebears of modern humanity.

The finding by Peter deMenocal of Columbia's Lamont-Doherty Earth Observatory is a "wonderful development" that buttresses a controversial theory of the intimate connection between the African climate and human origins, several experts said.

Frank Brown, dean of earth sciences at the University of Utah, called the discovery "tremendously important."

The core samples document dramatic climate changes in East and West Africa starting about 2.8 million years ago, when the human family tree apparently split into two branches. They show a second equally abrupt change about 1.7 million years ago, at the time that humanity's most immedi-

ate direct ancestor first appeared, according to fossil records.

A third shift was detected at about 1 million years ago, around the time when many experts believe that humanity's predecessors started to leave Africa.

"We can now place the fossil record of human development within the context of very detailed records of how African climate changed during the period of evolution," Dr. deMenocal said.

The ebb and flow of massive ice sheets in North America and Europe most likely altered the long-term weather patterns in Africa, experts said. Researchers can measure those changes by analyzing concentrations of dust blown from the interior of the continent and settling in the depths of the Gulf of Aden and other ocean sites.

The northern ice sheets could have lowered sea surface temperatures around Africa dramatically, by as much as 20 degrees, and reduced rainfall by more than 30 percent.

A Sea Change for Beijing? It Hints at Dropping Gas Field Claim

By Michael Richardson
International Herald Tribune

SINGAPORE — Is Beijing really prepared to wind back its claim to sovereignty over virtually the whole of the South China Sea? The acid test could be a decision by the Chinese on whether to import natural gas, officials and business executives in the region say.

The Chinese have recently been making conciliatory gestures toward Southeast Asia in an effort to take some of the heat out of the dispute with its neighbors over ownership of oil, natural gas and other valuable resources in the disputed waters.

Although these steps may be helpful in defusing conflict and building confidence, the acid test may be a decision on whether to import liquefied natural gas, or LNG, from Indonesia and Malaysia.

Both countries are looking to China

— where domestic energy demand is rising faster than supply of either local oil or gas — as a future customer of major new gas projects they are developing in the South China Sea.

The catch is that the gas fields in question, which are being brought into production at a cost of over \$45 billion, fall within a huge maritime zone claimed by Beijing and marked as such on official Chinese maps.

If Beijing sanctioned any purchases of liquefied natural gas from either project, it would be tantamount to saying that it had relinquished, or never had, a claim to ownership of their gas fields.

Petronas, Malaysia's national oil corporation, has just entered into an agreement with subsidiaries of three foreign oil companies to supply gas to a new LNG plant, the country's third, from the Central Luconia area in the South

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AGENDA

Andreotti Trial To Stay in Sicily

PALERMO, Sicily (AP) — A judge on Friday refused to take the trial of Giulio Andreotti out of the hands of Palermo prosecutors, dealing a setback to the seven-time prime minister who is accused of Mafia association.

Judge Francesco Ingargiola rejected a defense motion to have the case transferred to Rome, a move that very likely would have put off the trial for at least a year.

Prosecutors in Sicily have spent more than two years trying to put Mr. Andreotti on trial for alleged Mafia ties. They argued that a transfer from Palermo would remove the case from expert Mafia investigators.

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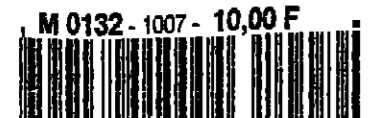
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| Dow Jones | Trib Index |
|-----------|------------|
| Up 6.50 | Down 0.22% |
| 4769.21 | 126.52 |

| The Dollar | Fr. close | previous close |
|------------|-----------|----------------|
| Dfl. | 1.4218 | 1.4203 |
| Pound | 1.563 | 1.5655 |
| Yen | 100.55 | 99.30 |
| FF | 4.9955 | 4.929 |

| Newsstand Prices | |
|---------------------------|-----------------------------|
| Arizona.....10.00 FF | Luxembourg.....65 L. Fr |
| Antilles.....12.50 FF | Morocco.....14 Dh |
| Cameron.....1.600 CFA | Qatar.....1,000 Rials |
| Egypt.....E.P. 5000 | Reunion.....12.50 FF |
| France.....10.00 FF | Saudi Arabia.....10.00 R. |
| Gabon.....1100 CFA | Senegal.....1,100 CFA |
| Greece.....350 Dr. | Spain.....225 PTAS |
| Italy.....2,800 Lire | Tunisia.....1,250 Din. |
| Ivory Coast.....1,250 CFA | Turkey.....T.L. 55,000 |
| Jordan.....1,250 JD | U.A.E.....10.00 Dirh |
| Lebanon.....U.S.S. 1.50 | U.S. Mtl. (Eur.).....\$1.20 |



Troops in Bosnia Clear Land Mines

Their Action Paves Way For Cease-Fire Tuesday

By John Pomfret
Washington Post Service

SARAJEVO, Bosnia-Herzegovina—Teams of from Bosnian Muslim, Croatian and Serbian soldiers fanned out through a suburb of Sarajevo on Friday to clear mines in what one UN official called a clear sign that a cease-fire in Bosnia could take effect Tuesday as planned.

The soldiers are removing mines that surround several high-tension electrical lines damaged in recent fighting. Under terms of the agreement signed Thursday in Sarajevo, electricity and gas supplies must be restored to the city before a truce can begin.

The impending cease-fire in Bosnia is seen as the most serious one to date. Since fighting erupted here three and a half years ago, there have been dozens of truces, and each one has collapsed.

Now, however, the peace process has been revived under U.S. leadership, and the Serbs, instead of holding 72 percent of Bosnia, possess about half as a result of two weeks of NATO air strikes and a largely successful offensive by Muslims and Croats.

UN officials had originally said that it would take up to two weeks to clear the mines and repair the line — one of two main lines that supply electricity to Sarajevo.

But after pressure was brought by a U.S. envoy, Richard C. Holbrooke, on President Franjo Tudjman of Croatia, who backs Croatian forces near Sarajevo, Croats started clearing mines Friday morning.

Hours later, Serbian and Bosnian Muslim soldiers appeared on their neighboring territory and followed suit.

Sarajevo's water system is run by electrical pumps. Without power there is no water to the city other than that used for emergencies.

Gas must also come to the city for a truce to begin.

That, however, depends more on Russia than it does on the Serbs. While Russia turned off the gas to Sarajevo several months ago at the request of the Bosnian government, it refused

to turn the gas back on when the Bosnian government asked it to because Russia claims Bosnia owes it \$100 million for gas supplies since the war began.

Prime Minister Boris Yeltsin of Russia visited Moscow this week and secured a deal under which the Russians are expected to turn the gas back on.

Russia Is Welcome
Defense Secretary William J. Perry said Friday that NATO was eager to include Russia in a military force to implement a Bosnia peace deal but will not give Moscow an equal command role.

The Associated Press reported from Williamsburg, Virginia, that Mr. Perry said he would sound out the Russian defense minister, General Pavel S. Grachev, on the limits of Moscow's flexibility at a meeting Sunday in Geneva.

"We will be as flexible and creative as possible," Mr. Perry said at a news conference before the closing session of a two-day NATO defense ministers conference. "But there will be a red line over which we cannot cross."

That line, Mr. Perry said, is the requirement that command of a peace implementation force in Bosnia be unified under NATO, not shared with Russian generals.

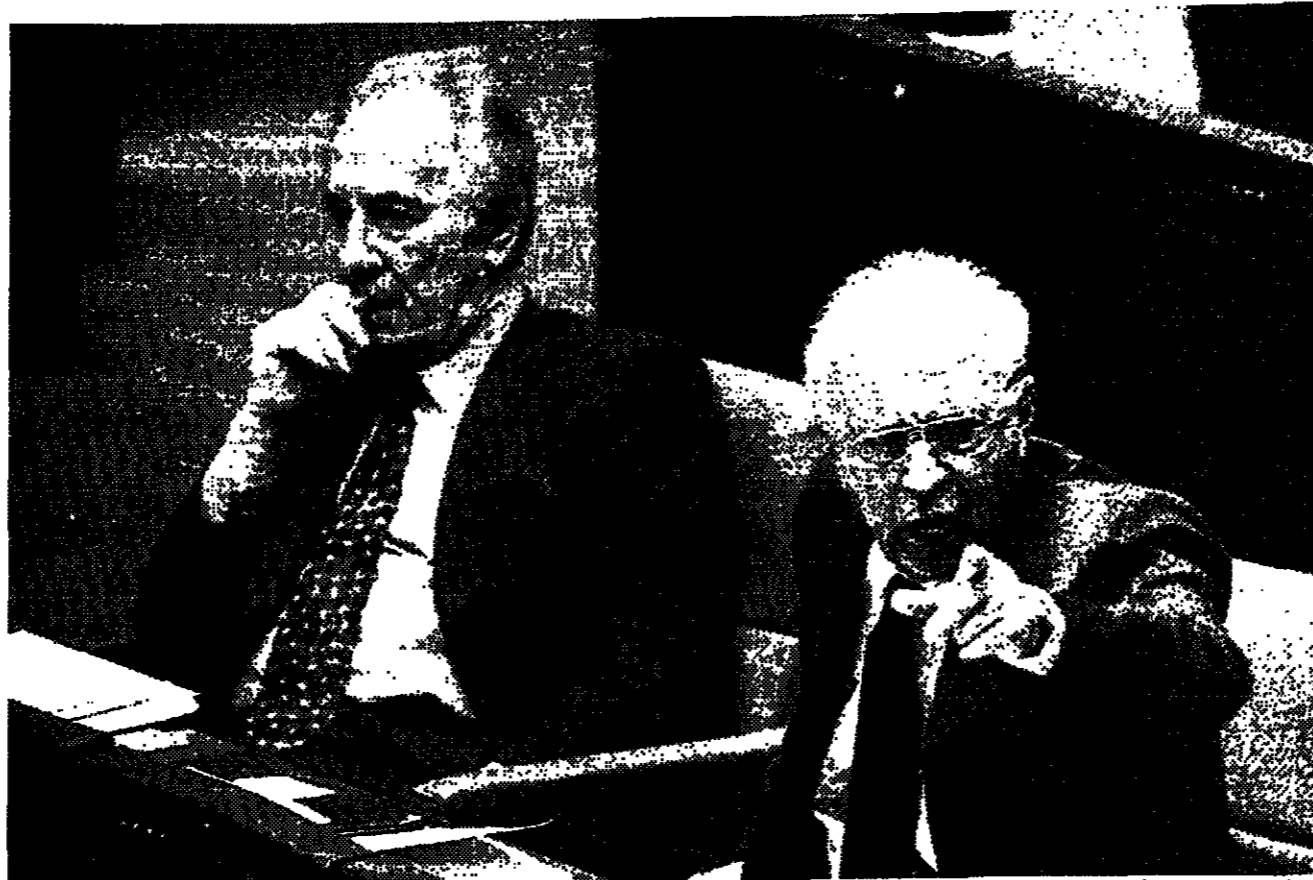
"We will not establish a dual key over military operations in Bosnia," he said.

Michael Portillo, the British defense minister, said at a news conference that the "main condition" for Russian participation was its agreement to give NATO full control.

The alliance has agreed that no force would be sent to Bosnia until a final peace deal is signed. Peace negotiations are to begin later this month.

General George Joulwan, NATO's commander in Europe, said the American public should understand that any military operation in Bosnia will be dangerous.

As many as 25,000 U.S. troops could be involved in a peace force, although General Joulwan stressed that the exact makeup of the force is yet to be determined.



Yitzhak Rabin gesturing during the Knesset's 15-hour debate over his government's autonomy pact with the PLO.

Rabin Barely Wins Confidence Vote

By Barton Gellman
Washington Post Service

JERUSALEM—Prime Minister Yitzhak Rabin won a narrow victory on Friday over opposition parliamentary forces in a vote of confidence on his government and its week-old West Bank accord with the Palestinians.

Mr. Rabin's precarious coalition mustered 61 votes in the 120-seat Knesset, or legislature, early Friday after a tumultuous 15-hour debate.

The accord signed Sept. 28 between Israel and the Palestine Liberation Organization needs no ratification under Israeli law. But in practice, a defeat would probably have led to early elections and thrown the government into doubt.

The agreement, which calls for Palestinian elections and the withdrawal of the Israeli Army from Arab cities and towns, makes no attempt to define final borders between the two peoples. In his parliamentary defense, Mr. Rabin gave the clearest picture to date of how he wants to redraw the West Bank's political map.

Palestinians, he said, should run their lives "independently" of Israel, but in "an entity which is less than a state."

Most of the West Bank should come under Palestinian self-rule, he said, but he named several parts of the territory captured from Jordan in the 1967 Middle East War in which he said Israel should keep permanent control.

The first is East Jerusalem and a broad swath of West Bank land around it.

"United Jerusalem," Mr. Rabin said, would include both the settlements of Maale Adumim to the east and Givat Zeev to the north — far exceeding even the much-expanded municipal boundaries of recent years — and would be the "capital of Israel, under Israeli sovereignty."

Israel's "security border," he said, would be the Jordan Valley, "in the broadest meaning of that term."

Officials said he meant that the Israeli Army would retain substantial forces and freedom of movement there, whatever the political complexion of the West Bank.

The prime minister also said he would want to establish "blocks of settlements" in the West Bank, such as the one drawn inside the self-ruled Gaza Strip last year. That block, known as Gush Katif, combined what had been isolated Jewish settlements into a chunk of land amounting to nearly one-fifth of Gaza.

The PLO leader, Yasser Arafat, says that his minimum demand is a Palestinian state encompassing all of the West Bank and Gaza, with East Jerusalem as its capital.

Mr. Rabin described the border changes as something "which we envision and want," but he did not call them irreducible demands.

He has been signaling for months, and in recent interviews, that his opposition to a sovereign Palestinian state might soften in the next round of talks.

It was that impression of softness that Binyamin Netanyahu, leader of the opposition Likud Party, attacked most strongly in parliamentary debate on Thursday.

Mr. Rabin, he said, addressing him directly, was turning Israel into "a small, threatened country whose security is dependent on the goodwill of Arafat."

Mr. Netanyahu, known as a secular man in his private life, also pressed the religious-nationalist view that all of the West Bank is God's patrimony to Abraham and his descendants, promised them in the biblical book of Genesis.

Weizman Balks
President Ezer Weizman refused to pardon two Palestinian women on Friday despite a pledge by Israel that it would free all women prisoners as part of its latest peace accord with the PLO. The Associated Press reported from Jerusalem.

Mr. Weizman pardoned 12 women, but said two who are serving sentences for murder would not be set free.

Palestinian officials responded angrily. "This is a violation of the agreement," said Freih Abu Medin, the justice minister in Mr. Arafat's government.

PLO and Hamas Meet On How to Co-Exist

The Associated Press

GAZA CITY—The Muslim militant group Hamas has tentatively agreed to stop attacks on Israelis from PLO-ruled areas in the West Bank and Gaza Strip, officials in Yasser Arafat's government said Friday.

The pledge is part of a draft agreement between Hamas and the Palestine Liberation Organization on the terms of the group's future political participation, PLO and police officials said on condition of anonymity.

An Arafat adviser, Nabil Abu Irdeineh, confirmed that a draft had been worked out and that it contained the "basis for Hamas's co-existence with the self-rule government." He did not discuss details of the draft and was evasive when asked whether Hamas had promised to refrain from violence.

"This is the closest we have come to an agreement," said a Hamas source, speaking on condition of anonymity.

Mr. Abu Irdeineh said a four-member Hamas delegation had traveled to other Arab countries to get the draft approved by the Hamas leadership abroad.

Hamas leaders abroad have adopted a much harder line than activists in the West Bank and Gaza, and it was not clear whether they would back a non-violence pledge.

Even if an agreement is approved, Hamas might not be able to control some of its people.

Meanwhile, Ibrahim Ghoshieh, a spokesman for Hamas in Jordan, denied Friday that a draft agreement had been reached. "Hamas stresses that resisting the occupation is a strategic goal," he said in Amman, Jordan.

U.S. Air Control Is Understaffed

By Matthew L. Wald
New York Times Service

WASHINGTON—The air traffic control center that handles high-altitude flights over the New York area and much of the western Atlantic is so understaffed that controllers are plotting the locations of some planes with grease pencils on a map instead of on a computer screen because there are not enough controllers to run the computer, a Federal Aviation Administration report has found.

New communications equipment is in place, the internal report said, but the center cannot spare the controllers long enough to train them to use it. The report was prepared by four managers and two union representatives.

The study of the staffing levels at the center, in Ronkonkoma, New York — one of 20 around the country — was commissioned at the order of the secretary of transportation in April after a staff shortage led the agency to consider limiting air traffic through the area.

The associate administrator for air traffic services, Monte R. Belger, said his agency had stepped up training since the report came out in June and was working with the union to plan for more training.

But there are two constraints, he said: a limited number of people who can do the training and limited equipment to train with. He has asked the union, he said, "to show us where we can squeeze out additional training with the bodies that are available."

The underlying problem, he said, was that the agency had conducted several buyouts of management personnel last year and that their ranks had been filled by air traffic controllers, who were difficult to replace. Now, he said, the New York Center faced two simultaneous problems: completing the training of apprentice controllers while also training "full-performance" controllers in the new system.

The report also said that another air traffic control center, in Westbury, New York, is also understaffed and the level of staffing "appeared to be insufficient to maintain the level of efficiency and effectiveness which the facility has enjoyed since August 1994." Loss of efficiency would mean longer air traffic delays.

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BRIEFLY EUROPE

Berlusconi Berates Investigators

MILAN—Italy's former prime minister, Silvio Berlusconi, accused investigators Friday of a "Stalinist" campaign against him — and a Milan magistrate summoned him for questioning about a film company purchase seven years ago. Mr. Berlusconi said he was the target of a political hate campaign and biased reporting by the news media.

An official at Mr. Berlusconi's rightist Forza Italia party said the tycoon turned politician was asked by the Milan public prosecutor's office to appear before an investigating magistrate, Margherita Taddei, on Oct. 13.

Judge Taddei reportedly suspects that Mr. Berlusconi's Fininvest group paid an artificially inflated price for a film company called Medusa in 1988. The difference between the real price paid for Medusa and an allegedly inflated amount written in Fininvest's balance sheet is thought to have been channeled into an illicit slush fund. (Reuters)

Case Against Neo-Nazis Blocked

FULDA, Germany—A German court on Friday blocked prosecution of two neo-Nazi leaders for staging a rally in the town of Fulda in 1993, ruling that the demonstration had been properly registered with authorities.

More than 500 neo-Nazis marched through Fulda to honor Hitler's deputy, Rudolf Hess, who killed himself in Spandau Prison in Berlin in August 1987. The anniversary of his death has become a rallying point for extreme rightists.

Police drew fierce criticism for failing to stop the rally. But the state court in Fulda threw out proposed charges against Christian Worch and Dirk Winkel saying the rally had been registered with the city and had not been banned. (Reuters)

A Split in Rightist Danish Party

COPENHAGEN—Denmark's rightist Progress Party, one of Europe's oldest anti-tax protest parties, split into two parliamentary groupings on Friday after an internal struggle between moderates and hard-liners.

The party's former leader, Pia Kjaersgaard, who in the 1980s wrested leadership of the party from its founder, Mogens Glistrup, said at a news conference that she was starting the Danish People's Party with three other Progress legislators. (Reuters)

Impasse in Austria Budget Talks

VIENNA—Austria's governing coalition has failed to agree on a budget for 1996 after almost two weeks of intensive negotiations. Vice Chancellor Wolfgang Schüssel said Friday, pushing the government to the brink of collapse.

Speaking to reporters after five hours of talks between the Social Democratic Party and his conservative People's Party, Mr. Schüssel said the two sides had failed to narrow their differences on how to cut the budget deficit.

Chancellor Franz Vranitzky has been at loggerheads with Mr. Schüssel for weeks over ways to cut the 1996 budget deficit to 92.8 billion schillings (\$9 billion) from 102.3 billion schillings in 1995. (Reuters)

Labor Party Upbeat After Parley

BRIGHTON, England—The Labor Party wrapped up its annual conference on Friday, confident that it is finally heading back to government after 16 years in opposition.

At the end of a week in which the party's moderate leader, Tony Blair, strengthened his grip through a series of victories over the party's socialist old guard, the deputy leader, John Prescott, rallied delegates with a call to arms.

Mocking Prime Minister John Major's Conservatives, who trail Labor in polls by more than 20 percentage points, he said: "John Major, stand aside. Go back to your constituency and prepare for opposition. We're on our way." (Reuters)

TRAVEL UPDATE

Eurostar Braces for French Strike

PARIS (Combined Dispatches)—The Paris-London Eurostar rail link will cut back operations by one-third for a 36-hour period early next week because of heavy disturbances expected on the French network as a result of strike actions, the French railroad SNCF said Friday. Unions representing Air France workers called on their members Friday to join the walkout.

Only seven trains in 10 will run from 8 P.M. Monday to 9 A.M. Wednesday because of the 24-hour strike called by French railroad unions to protest a public sector pay freeze for 1996, the railroad said. The company did not say whether a corresponding cutback in the London-Paris service would follow.

On the French network, one train in four is expected to run. The Paris Metro is also likely to be badly hit by the widespread industrial action. (AFP, Reuters)

Laker Launch Is Set for April 5

LONDON (Reuters)—The British entrepreneur Sir Freddie Laker, who revolutionized air traffic in the 1970s, said Friday that he had chosen April 5 as the launch date for a new service between Britain and the United States.

"The first route will be Fort Lauderdale-London Gatwick," Mr. Laker said in an interview from Fort Lauderdale, Florida. "To the U.K., we plan to operate once-daily, nonstop DC-10 flights — four a week to Gatwick, two to Manchester and one to Glasgow."

He said the airline also planned to operate a minimum once-weekly flight from Fort Lauderdale to Frankfurt, one or two a week to Berlin and perhaps one a week to Milan. Mr. Laker's cut-rate Skytrain service from Britain to the United States in the 1970s and early '80s opened new vistas for millions of tourists.

British drivers were urged Friday to be nice to one another, as the Royal Automobile Club and the Police Society joined together to sponsor a National Day of Courtesy. Surveys show that Britons, who normally value manners to the extreme in person, lose their veneer of gentility when they get behind the wheel of a car. Roadside messages urged motorists to drive safely. (Reuters)

A volcano in the Russian Far East erupted Friday, shooting up clouds of ash that threatened the safety of international flights. Bezmyannyy, on the Kamchatka Peninsula, sent ash and gas as high as 10,000 meters (33,000 feet), the Interfax press agency reported. (AP)

International aviation officials meeting in Montreal are considering a proposal for providing separate smoking cabins on passenger planes, officials said. (AFP)

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Russia Pins Hopes On Role in Balkans

By David Hoffman
Washington Post Service

MOSCOW—After months of frustration and isolation from the Bosnian conflict, Russia is looking to participation in a Balkans peacekeeping force as an opportunity to re-establish its standing and perhaps set down a marker for future European security cooperation, Russian military officials and analysts said Friday.

Russia's participation in a multinational force is the chief topic on the agenda for Sunday's scheduled meeting in Geneva between Defense Minister Pavel S. Grachev and Defense Secretary William J. Perry.

The meeting, requested by President Boris N. Yeltsin, comes in the wake of Russia's increasingly acrimonious relations with the West, which climaxed with Moscow's denunciation of the bombing campaign against the Bosnian Serbs.

Although a multinational peacekeeping force in Bosnia would require months of preparation, both Russian and Western officials expressed optimism Friday that, if Russian participation is secured, it could mark a turning point on security issues, especially on the question of Russia's future relationship with NATO.

They said that the talks in Geneva would probably be followed by further discussions on the peacekeeping force when President Bill Clinton and Mr. Yeltsin meet later this month in Hyde Park, New York.

The major operational question about an international force is who will command it. Russia refuses to be subordinate to the alliance, and vice versa.

But diplomats here said that the United States and its allies were looking at various "creative" compromises that they hope to propose to Moscow on the issue of command. They did not provide details. Likewise, Russian officials said it was not known how far Mr. Yeltsin was willing to bend.

Beyond that are questions about what Russia can contribute. Analysts said that, given the upcoming parliamentary elections and the nationalist political climate, Russians would be hypersensitive to any second-class role in the Bosnian force.

They said it would be difficult for Mr. Yeltsin to accept a seemingly minor Russian participation — such as in logistics or building bridges — as was suggested Thursday by some alliance officials during talks in Williamsburg, Virginia.

"The Russians will insist on a combat role. They want to have leverage, not to be somewhere in the rear," said Victor Kremenyuk, deputy director of the USA-Canada Institute here.

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Some in U.S. Gain Against Poverty Blacks Make Progress

By Barbara Vobejda
Washington Post Service

WASHINGTON — The number of Americans living in poverty dropped by 1.2 million last year, the first decline since 1989 and a trend led by increased earnings among blacks, particularly married couples, according to a Census Bureau report.

The rate of poverty also fell, to 14.5 percent from 15.1 percent between 1993 and 1994, the first time in a decade that both the rate and the number of poor dropped.

Overall, the report provided a mixed picture, where minorities and children remain disadvantaged, but economic improvements have helped some Americans climb the income ladder, especially those in families with married couples.

Black households were the only race or ethnic group to have their real median incomes increase, seeing a rise of 5 percent, to \$21,027. Poverty for a family of four is defined by an income of \$15,141.

But even as the status of some poor Americans improved, the proportion living below the poverty line remained much higher than it was in the late 1960s and '70s. And the report underscored that

those at the top of the economic scale had made much greater gains than those at the bottom.

"It tells a sorry story about the maldistribution of economic progress," said Henry Aaron, an economist at the Brookings Institution. "The rewards paid to people who have skills valued in the economy have been skyrocketing, while those who bring simply hard work and maybe muscle to the job have enjoyed no improvement in their living standards for a quarter of a century, and many have suffered."

But Mr. Aaron and other analysts agreed that the falling poverty figures were good news, as were the improvements for blacks. Also, poverty rates among children, although still higher than other age groups, declined to 21.8 percent from 22.7 percent.

The annual report, the government's largest survey of economic conditions, also found that median household income, after being adjusted for inflation, had remained virtually flat at \$32,264 and had yet to recover from the recession of the early 1990s.

Among racial and ethnic categories, black people generally made stronger gains, although their poverty rates remain much higher than those for whites.



Hurricane-battered houses on a beach near Panama City, Florida, after the storm blew past the Panhandle.

After Storm, Floods Threaten Florida

The Associated Press

PANAMA CITY BEACH, Florida — Panhandle residents still cleaning up from the ravages of the hurricane designated Opal awoke Friday to a new threat: flooding from storm-swollen rivers.

The heavy rains that the hurricane brought to Alabama and Georgia were causing rivers downstream in Florida to swell, forcing evacuations late Thursday

and Friday along the Blackwater and Yellow rivers east of Pensacola. Both rivers empty into the Gulf of Mexico.

"We're downstream from everything," said Jo Miglino, a spokeswoman for the state Emergency Operations Center.

Floods were the latest damage from the hurricane, which killed at least 17 people in four states after slamming into the Panhandle on Wednesday with winds up to 144

miles an hour (235 kph). The hurricane caused an estimated \$1.8 billion in damage to insured property along the Gulf.

Thousands of frustrated, angry and tired beachfront residents who had fled to Alabama and Georgia began returning home. But many returned only to find that the authorities had sealed off the hardest-hit areas to forestall looting, repair roads and assess damage.

POLITICAL NOTES

Women Side With Clinton in Poll

WASHINGTON — A new poll has found that undergirding a tendency among women to favor President Bill Clinton's re-election is a resistance to Republican positions on major issues.

The poll, by the Times Mirror Center for the People & the Press, also found that all Republican presidential contenders suffer from a disadvantage among women voters. But that could change if Colin L. Powell, former chairman of the Joint Chiefs of Staff, enters the race, according to the poll.

About 67 percent of women interviewed said they might vote for Mr. Powell if he runs for president. Nor is there a gender gap to Mr. Powell's support: 66 percent of men also said they might vote for him.

The poll shows Mr. Clinton winning a theoretical three-way race, with 42 percent backing him, compared with 35 percent for the Senate majority leader, Bob Dole, the Republican front-runner, and 19 percent for Ross Perot.

Mr. Clinton owes nearly all his margin to women, 44 percent of whom supported him, compared with 33 percent for Mr. Dole and 18 percent for Mr. Perot. (LAT)

Moving Out of a Nuclear Bunker

CHARLESTON, West Virginia — The Defense Department has relinquished control of a once-secret underground bunker built during the Cold War to house members of Congress and their families during a nuclear attack.

The structure is deep beneath the West Virginia Wing of The Greenbrier, a mountain resort in White Sulphur Springs.

The government gave up its lease July 31, according to a letter from Assistant Secretary of Defense Emmet Paige Jr. that was released by Senator Robert C. Byrd. Mr. Paige said the action had not been announced until now at the request of the resort's owner, CSX Corp.

Greenbrier's president, Ted Kleinsner, said he'd decide by year-end when to allow the public to see the bunker. (AP)

Perot Backers Miss a Deadline

LOS ANGELES — Supporters of Ross Perot in California are scrambling to overcome an unexpected obstacle to qualifying their new political party in time for the 1996 presidential election.

The California secretary of state, Bill Jones, told Mr. Perot's United We Stand America organization that his office had miscalculated the effective deadline for collecting 890,064 signatures on petitions to put the party on the ballot — and that it already had passed. Mr. Perot's group now must focus on the alternative route — registering about 89,000 new voters by Oct. 24 — which is considered tougher.

Under California election law, both procedures are valid for establishing a new party, and the Perot organization had been pursuing both. But that changed abruptly Thursday in the wake of Mr. Jones's announcement that since state law allows counties up to 38 days to certify signatures before a Nov. 13 deadline, the effective deadline for the petition process passed this week. (WP)

For the Record

Mel Reynolds, a former U.S. representative from Illinois, has begun serving his five-year prison sentence for his conviction on charges of sexual misconduct, including having had sex with an underage campaign worker. (AP)

Quote / Unquote

Senator Daniel Patrick Moynihan of New York, on senators who voted for a bill that would reduce welfare payments: "History will shame them." (AP)

Away From Politics

• Winds died down dramatically in Inverness, California, and fire fighters made headway at saving the town from a wildfire that has charred 11,100 acres of Northern California's most scenic shoreline. About 2,000 fire fighters set backfires to starve the fire that has threatened Inverness, an artist colony and tourist town of about 1,000 residents 30 miles (48 kilometers) north of San Francisco. (AP)

• Two men were charged in the beating death in Charleston, West Virginia, of Everett Knapper, 55, an assistant principal who was found dead in his bedroom on Wednesday. Richard Larry Lawson, 24, and Frank Edward West, 28, were charged Thursday with first-degree murder. (AP)

• A magnitude 6.4 earthquake in Alaska,

centered 40 miles northwest of Fairbanks, knocked books off shelves and briefly disrupted phone service Thursday, but there were no reports of injuries or major damage. (AP)

• Oklahoma Natural Gas Co. sued Thursday for the rights to a famous photograph of the federal building bombing taken by an employee whom the company has since fired. The suit argues that Lester LaRue, a former safety coordinator, was on company time and using company equipment when he took the photograph of a fire fighter carrying the limp body of a year-old baby, Baylee Almon. (AP)

• A construction contractor in Philadelphia was shot and killed in his car Thursday, hours before his brother — a hit man turned informant — was to testify against the reputed boss of the Philadelphia mob. The police said they did not think that William Veasey, 35, was a victim of mob retaliation. (AP)

Clue to Alzheimer's Is Confirmed

The Associated Press

WASHINGTON — Researchers have confirmed a correlation between Alzheimer's disease and high spinal-fluid levels of a certain protein. The discovery, they say, is a tool for early diagnosis and may eventually lead to a treatment.

"We're on the cusp of having something, and it could get better yet," said Dr. John Trojanowski of the University of Pennsylvania, one of the authors of a study published in the *Annals of Neurology*.

It corroborates recent findings that monitoring height-

ened levels of the protein tau in cerebrospinal fluid can help confirm an early diagnosis of Alzheimer's in older patients with memory loss.

Diagnoses are generally made by mental-ability tests and brain scans. Biochemical confirmation has not been possible except by autopsy.

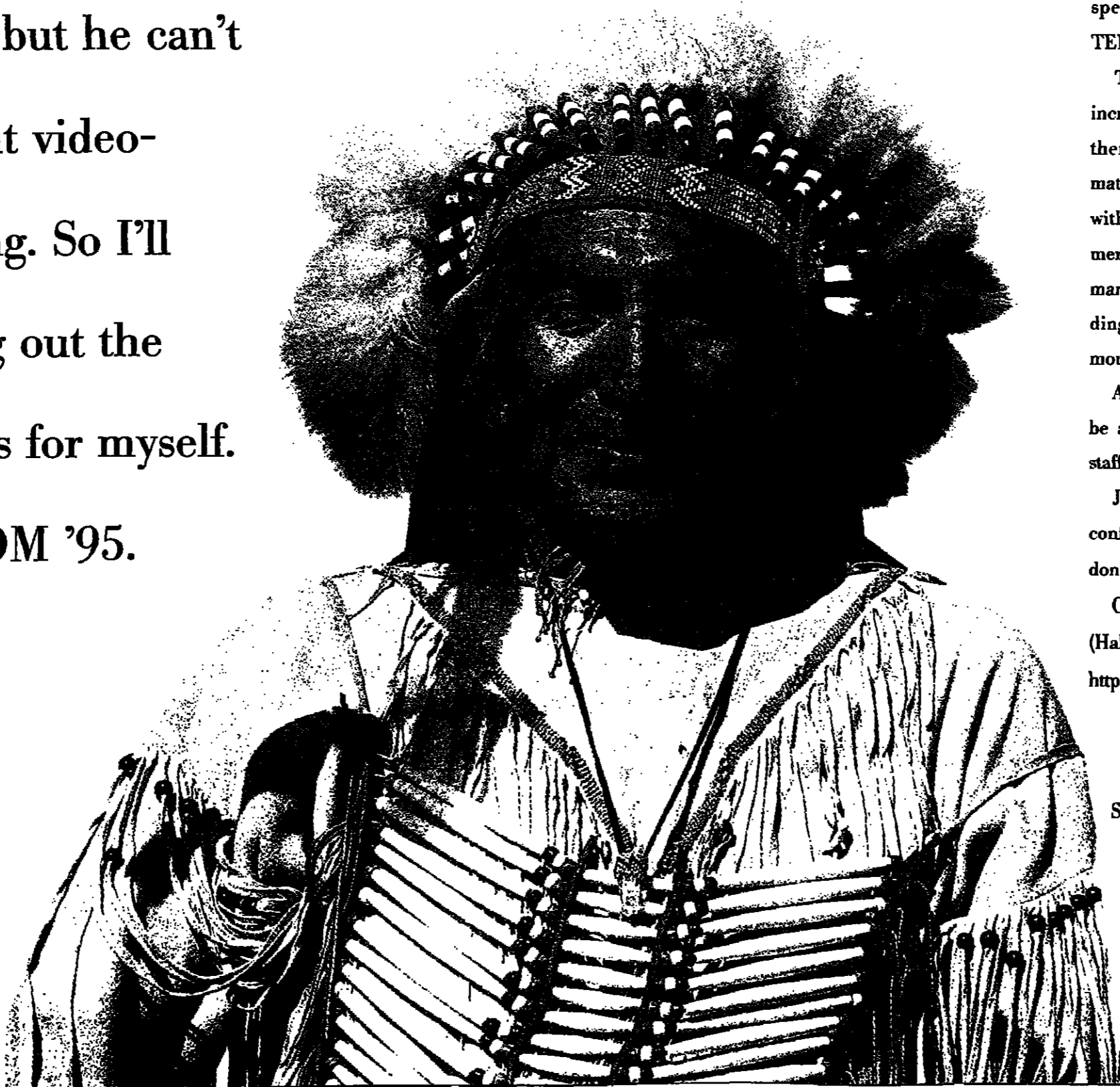
The new test, not yet generally available, measures tau levels in spinal fluid extracted from a puncture in the patient's lower back. Tau, a protein common to everyone, is found mutated in Alzheimer's patients and is the building block of

brain "tangles" inside the brain's nerve cells that are a sure sign of the disease.

Creighton Phelps, director of the government's Alzheimer's Disease Centers program, said that now that tau's role had been identified, researchers would turn to designing new proteins or treatments that might block its growth or prevent its mutation.

Confirmed early diagnoses will allow researchers to follow the disease's development and to experiment with treatments while there are still healthy brain cells.

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13 Wounded by Bomb in Paris As Terror Suspect Is Buried

By Craig R. Whitney
New York Times Service

PARIS — A homemade bomb planted in a trash can slightly wounded 13 people on Friday in southern Paris, just across from a subway station with the same name as the Lyon suburb where the police killed a 24-year-old Algerian-born French youth suspected as being the ringleader of a wave of Islamic terrorist bombings.

Khalid Kelkal, who the French Justice Ministry said had been a key suspect in planting a bomb made from a gas canister that killed seven people and wounded nearly a hundred in another Paris subway station on July 25, was buried Friday in the Muslim section of a cemetery near Lyon a few hours before the latest bomb, of similar design, exploded across from the Maison Blanche subway station in Paris, near the Place d'Italie.

The police said that nuts and bolts packed around the gas canister flew for hundreds of feet in the explosion Friday, shortly after 4 P.M. A passing mailman had spotted the device, wrapped in a plastic bag, in the trash can and called the police, who roped off the Avenue d'Italie, a main artery, but the bomb went off before they could disarm it. Several cars were also damaged in the blast.

[An anonymous caller to the French radio station RTL took responsibility for the bombing in the name of the "Armed Islamic Group General Command," referring to a violent group based in Algeria. The Associated Press reported.]

French authorities say they are convinced that all the incidents in the most serious terrorist violence here since a wave of bombings in 1986

are the work of Islamic fundamentalists opposed to France's support for the military government of Algeria.

If nothing else, the explosion Friday seemed to show that others besides Mr. Kelkal, who was shot and killed last Friday in a Lyon suburb called La Maison Blanche, must be involved in the bombing campaign, despite Justice Minister Jean-Louis Debré's statements a week ago naming him as the main instigator.

As members of his family and friends buried him in Rillieux-la-Pape on Friday afternoon, Le Monde published a transcript of an extended interview with Mr. Kelkal that had been conducted by a German sociologist, Dietmar Loch, as part of a study of ethnic communities in the region three years ago.

Mr. Kelkal gave no hint of sympathy with terrorism, but told his interviewer: "I am neither Arab nor French — I am Muslim."

"I didn't find my place in high school," he said. "That's when it started. We stole, we began hanging around. We saw that we could make money by stealing."

"My mother asked me: 'What's going on with you? I don't recognize you from one day to the next.' The more I became mixed up with delinquency, the less contact I had with my family."

"I began saying: 'I have to get involved with religion. I have to pray.' The day I stopped praying was when I started getting in all kinds of trouble. When I stopped with Ramadan, and prayer, where did I end up? In the hole, in prison."

"One thing I'd like to do: leave France altogether. For where? Back home, Algeria. I have no place here. Because now all an employer has to do is ask: He's been in prison. When something gets stolen, I'll be the guilty one."

Pope Urges America to Help Poor, Aid Family

By John M. Goshko
Washington Post Service

NEW YORK — Speaking from a high altar erected on the immaculately manicured lawns of Aqueduct Race Track, Pope John Paul II challenged Roman Catholics on Friday to add vibrancy to American life by helping the poor and by defending the sanctity of marriage and family life.

Celebrating a mass for 75,000 communicants, John Paul said these goals were part of "the mystery of God's kingdom and its message of life and salvation."

Americans, he warned, although justifiably proud of their great advances in science, technology and economic progress, must not forget that in spite of their wealth they have a truly vibrant national culture.

On the third day of his U.S. visit, John Paul crossed the East River to transform the fields that normally feed the hordes of thoroughbreds into a spiritual arena.

In his homily, he bore down hardest on a theme that long has been one of the most prominent threads in the tapestry of his papal preachments: his fear that the pressures of modern life can cause the disintegration of the family.

The Pope spoke as the guest of the diocese of Brooklyn, which includes the New York City boroughs of Brooklyn and Queens, where Aqueduct is situated.

The diocese is an area in social and economic flux, containing many pockets of newly arrived, impoverished immigrants. And John Paul, who has spoken out several times here about his concern for the poor, sought to underscore that theme again Friday.

He did it by symbolically delivering part of his homily in Spanish and by using New York as a metaphor for both his hopes and concerns about the United States.

"America has a reputation the world over, a reputation of power, prestige and wealth," he said. "But not everyone here is powerful; not everyone here is rich. In fact, America's sometimes extravagant affluence often conceals much hardship and poverty."



Pope John Paul II arriving Friday at Aqueduct.

Japan's Justice Minister Under Pressure to Quit

Compiled by Our Staff From Dispatches

TOKYO — Pressure mounted on Japan's justice minister to step down on Friday over allegations that he arranged a secret deal with the opposition to drop questions in Parliament over his finances, governing coalition officials said.

Prime Minister Tomiichi Murayama said he was satisfied with the denial by Justice Minister Tomoharu Tazawa. "I believe the facts were quite different," from press reports, Mr. Murayama said.

The affair is the latest headache for Mr. Murayama, a Social Democrat who presides over a coalition that includes the conservative Liberal Democratic Party, which elected a right-winger, Ryutaro Hashimoto, as its head last month. The daily Yomiuri Shimbun on Friday accused Mr. Tazawa, a Liberal Democrat, of making a backroom deal with the opposition New Frontier Party to

withdraw questions in Parliament about a loan.

Yomiuri Shimbun, Japan's largest-circulation daily, suggested that Ichiji Ishii, a New Frontier member of the upper house, agreed to withdraw references in prepared questions on Oct. 3 about a 200 million yen (\$2 million) loan Mr. Tazawa had failed to report in his list of assets.

In exchange, the Yomiuri said, Mr. Tazawa promised to oppose a controversial government bill to tighten control over religious organizations, a key legislation opposed by the New Frontier Party.

Both Mr. Tazawa and Mr. Ishii denied the report but Liberal Democratic officials said that was not enough.

"We regret we were seen to be in contact with the opposition over a key piece of legislation," Masakuni Murakami, the Liberal Democratic leader in the upper house said at a news conference. (Reuters, AFP)

Tokyo Police Arrest Cult's Spokesman

Compiled by Our Staff From Dispatches

TOKYO — The spokesman of the Japanese sect Aum Shinrikyo was arrested early Saturday at the group's headquarters.

Japanese television showed Fumihiko Joju, 32, smiling and wearing a protective helmet as he was led away by the police.

Mr. Joju has led the cult since mid-May, when the police arrested its guru, Shoko Asahara, on murder charges for the nerve gas attack in the Tokyo subway in March, which killed 11 people and injured more than 5,500 others.

As the police were preparing to arrest Mr. Joju late Friday, a man opened fire outside the cult's headquarters.

The shooting took place despite tight security. Hundreds of reporters and other onlookers had been waiting for hours for the arrest of Mr. Joju, who used to run the sect's Moscow branch.

Up to five shots were heard. No one was hit and the gunman, described as a young man wearing army fatigues, was quickly detained by the police. The authorities later identified him as Shoji Sakuma, 27, who claimed to be a member of a group called Kokoryu-kai, a rightist organization.

The Tokyo headquarters was

the scene of the fatal stabbing in April of Hideo Mura, a top Aum official whom the police had called a central figure in the subway attack.

Mr. Joju was arrested for allegedly ordering followers to give false testimony to the authorities. Reports said that an accountant for the sect was also arrested.

The arrest of Mr. Joju would in effect decapitate the beleaguered sect because all other senior leaders are already under arrest.

Mr. Joju became a household name in Japan for his daily television appearances to maintain the sect's innocence after scores of followers had been arrested.

He has remained a defiant defender of Aum and Mr. Asahara, whose trial begins on Oct. 26 for the subway attack, the killing of a rebellious follower and the production of illegal drugs and chemicals.

Meanwhile, a court held a closed-door hearing on the sect Friday as part of proceedings toward a possible order to disband it, the lawyer for the sect said. Tokyo District Court officials refused to comment on the hearings. It was not clear when the court would reach its decision.

French Snap at Critics Of Their Nuclear Tests

Compiled by Our Staff From Dispatches

PAPEETE, Tahiti — France struck back Friday at critics of its nuclear testing in the South Pacific.

The president of French Polynesia, Gaston Flosse, accused Australia and New Zealand of inciting hatred of France through opposition to the tests.

And the French ambassador to Australia accused some Australian schools of brainwashing students into believing that his country was a criminal state for conducting the tests.

"I think that brainwashing children against another country is itself an aggression to the children," said the ambassador, Dominique Girard.

Mr. Flosse, meantime, told the French Polynesian Parliament that "extremist" elements in the territory had waged "a process of subversion," promoting "racial and social and political hate."

"They rely on states like Australia and New Zealand, or international organizations such as Greenpeace, for different motives — the hate of Western society, economic interests, the hate of France and the will to get it out of the Pacific," Mr. Flosse said.

In Kuala Lumpur, Prime Minister Mahathir bin Mohamad said Friday he would soon gather all political parties in Malaysia to criticize unanimously France's nuclear tests. (Reuters, AFP)

Blast Hits Russians in Chechnya

Compiled by Our Staff From Dispatches

GROZNY, Russia — Russia's military commander in the breakaway republic of Chechnya was critically wounded Friday in a bomb explosion.

Lieutenant General Anatoly Romanov, 47, was hospitalized in grave condition after suffering a cranial wound. His deputy, Colonel Alexander Zaslavsky, and the driver were killed in the blast, which also wounded at least nine Russian troops.

The explosion occurred in the Chechen capital, Grozny, as General Romanov's motorcade was going through an underpass.

The remote-controlled bomb also killed or wounded at least several passengers on a commuter bus passing through the underpass at the same time as the general's motorcade.

It was the second major attack on a senior Russian official in three weeks. On Sept. 20, a powerful bomb explosion narrowly missed Oleg Lobov, President Boris N. Yeltsin's envoy in Chechnya.

Mr. Yeltsin's spokesman said Moscow would stick to agreements reached at peace talks with Chechen separatist rebels.

"The president considers that the federal authorities in Chechnya will adhere to earlier agreements on a peaceful settlement of the conflict despite provocation and terrorist acts," Interfax news agency quoted the spokesman, Sergei Medvedev, as saying.

But the attack is certain to exert fresh pressure on the fragile cease-fire negotiated between Russian forces and separatists that was negotiated in July.

The bomb attack was apparently also aimed at Russia's interior minister, General Anatoly Kulikov, who was touring Chechnya but left for Moscow earlier than expected, the ministry said. (AP, Reuters)

TRUCE: The Bitterness Remains

Continued from Page 1

President Slobodan Milosevic of Serbia to lend only limited support to his brothers west of the Drina River in Croatia and Bosnia.

As a result, while the Muslim-Croat federation has been fighting with the decisive support of the Croatian Army, the Bosnian Serbs have been relatively beleaguered. In effect, Mr. Milosevic has brought the Bosnian Serbs to heel.

He is to be rewarded later this month with a visit to the United States, when talks among the presidents of Serbia, Croatia and Bosnia will begin at a secluded site, as yet undetermined.

Such a visit amounts to the culmination of a long-sought rehabilitation for Mr. Milosevic, who has long wanted to overcome his image in America

as the man who destroyed Yugoslavia.

"There will always be a certain queasiness in dealing with the man," said a senior administration official. "But in recent months Milosevic has proved himself a viable interlocutor. Even Arafat came to the White House in the end."

For the Muslim-led Bosnian government, the agreement on the cease-fire and further peace talks was reached only after bitter internal debate, American officials said.

In the end, it appears that the government was convinced to sign only by promises of large amounts of Western economic aid and military assistance in the event of a peace.

The official singled out Prime Minister Haris Silajdzic of Bosnia as the most resistant to the peace plan because he is concerned that it would ultimately cause the partition of Bosnia, with roughly 50 percent of the country going to the Serbs.

His position reflects that of many officials within the Bosnian government and the army who are deeply skeptical of U.S. assurances that Bosnia will remain a single state — albeit split down the middle — with some real authority still vested in its central government.

These officials contend that the only way to preserve a single Bosnian state may ultimately be to fight on and to defeat the Bosnian Serb leader, Radovan Karadzic. This long-term objective is certain to persist for some time and is likely to be a source of tension if a settlement is reached and as many as 20,000 U.S. troops lead a NATO force into the area to police the peace.

Administration officials insist that everything possible will be done to insure that Bosnia is not partitioned. Economic aid will be fashioned in such a way as to discourage splitting the country, and efforts will be made to insure that the final constitution will give the central government of Bosnia real power.

In any settlement, however, Bosnia is to be a state with three parties — the loosely tied, but mutually suspicious, Croatian and Bosnian government forces on one side, and the Serbs on the other. If the NATO force only consolidates the lines between these armies, the ultimate death of Bosnia may become inevitable.

CLINTON: Defends Policy

Continued from Page 1

and pursue, based on trial and error and persistent experimentation, a policy that advances our values of freedom and democracy, peace and security."

To that end, Mr. Clinton said, the United States must keep up its commitments in foreign aid — which amounts to less than 2 percent of the federal budget — despite Republican calls for cutbacks, and must take the lead in organizing and staffing a NATO contingent.

[After the speech, the Senate Republican leader, Bob Dole, said Mr. Clinton had not made a convincing argument on why U.S. troops should go to Bosnia as part of a peacekeeping force, Reuters reported from Washington.]

"If the president believes he has already made his case to send 25,000 Americans to Bosnia, he is sadly mistaken," Mr. Dole said.

The president also chided Congress for jettisoning the United States' last \$1 billion behind in its dues to the United Nations.

CHINA: A Hint It May Cede Gas Field Claim in Sea

Continued from Page 1

China Sea off the Malaysian state of Sarawak.

The companies are Royal Dutch/Shell Group of Britain and the Netherlands, Occidental Petroleum Corp. of the United States and Nippon Oil Co.

The new plant will be built near the two existing gas plants in Bintulu at a cost of about \$6.5 billion, adding 6.6 million tons of new LNG capacity a year after it starts operation in the year 2000.

Pertamina, Indonesia's state-owned petroleum company, is negotiating with U.S. and Japanese companies to finalize a new shareholding structure so that the giant Natuna LNG project in the South China Sea can proceed on schedule.

The project, currently a 50-50 joint venture between Pertamina and Exxon Corp. of the United States, would cost around \$40 billion to bring into production by the end of 2004 or early 2005, consolidating Indonesia's position as the world's largest exporter of liquefied natural gas.

The Natuna gas field is about 1,100 kilometers (700 miles) north of Jakarta and 225 kilometers northeast of the Natuna Islands, Indonesia's northernmost territory in the South China Sea.

Officials of Petronas and Pertamina say they have held discussions with Chinese officials and companies about possible sales of liquefied natural gas from the Central Luconia and Natuna projects. At present, the major buyers of LNG from Southeast Asia are Japan, South Korea and Taiwan.

China appears, however, to be playing hard to get, for political as well as commercial reasons.

The potential gain from resource rights to the gas fields is enormous. Natuna alone has recoverable reserves estimated at 46 trillion cubic feet of gas.

Still, demand for energy is increasing so fast in China that commercial pragmatism, Beijing's interest in maintaining stable relations with Southeast Asia may prevail over nationalist and irreverent sentiment. China has become a large net

oil importer in the last two years, the dual result of soaring economic growth and industrialization and stagnant domestic oil production.

In 1994, China imported an average of 247,000 barrels per day of crude oil and 301,000 barrels per day of oil products, according to the Statistical Review of World Energy compiled by British Petroleum Co.

Tang Zhenhua, vice president of the China National Offshore Oil Corp., said recently that the country had started talks with suppliers in the Middle East, Southeast Asia and Russia on the possible sale of gas to China under long-term contract for use in power generation and other industries.

The gas from Russia or one of the central Asian republics in the former Russian Federation would be piped overland.

Of the LNG suppliers, Southeast Asia is thought to have a clear edge over the Persian Gulf because it is a less volatile region politically and is closer to China.

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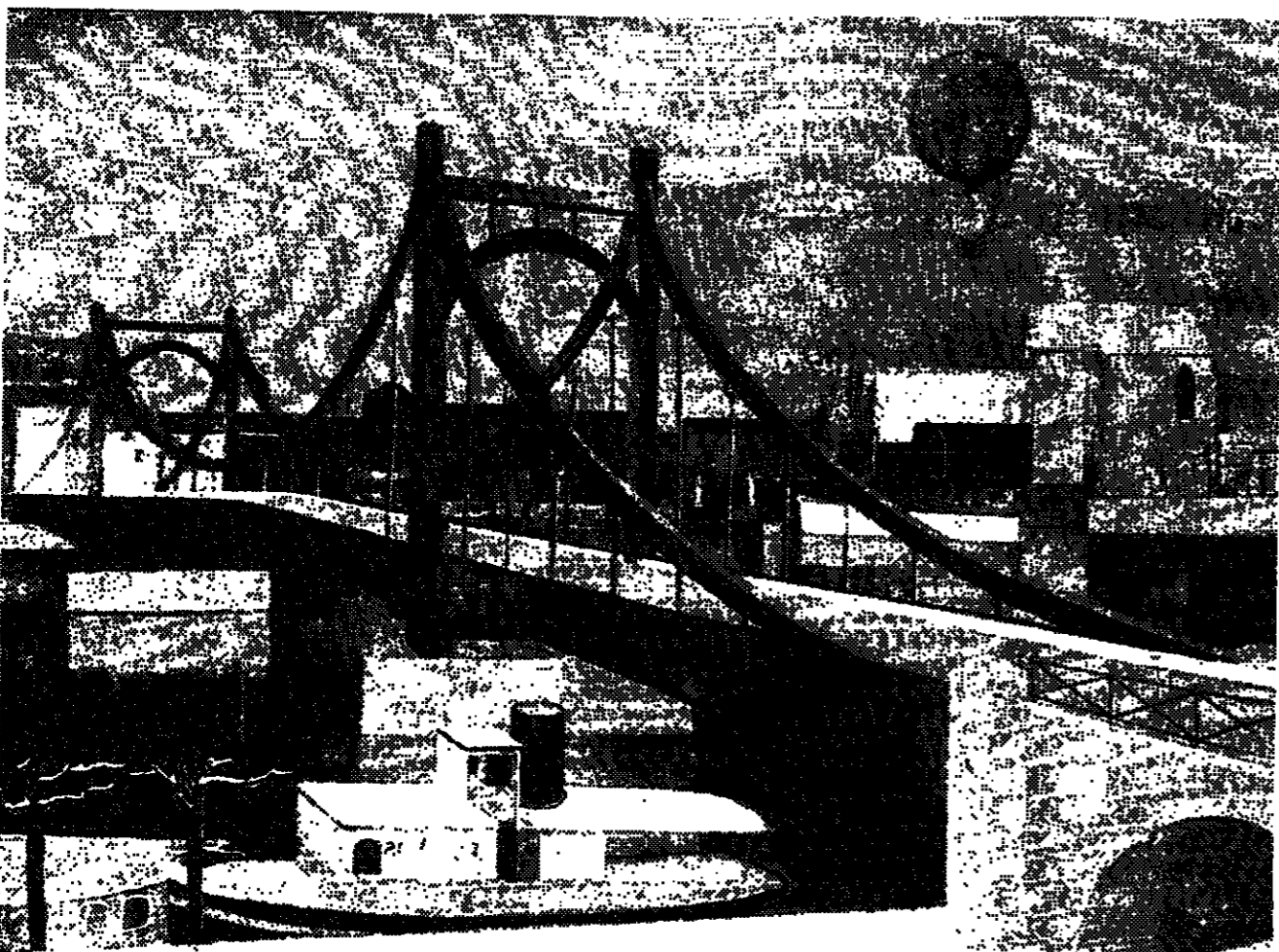
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ART

The Rhine as Myth and Menace: Views From 130 Artists



Carl Barth's "Rheinbrücke" ("Bridge Over the Rhine"), painted in 1932 and shown in the Bonn exhibition.

By David Galloway

BONN — The Rheinisches Landesmuseum is the first port of call for an exhibition appraising the Rhine as a cultural "stream" that has repeatedly offered inspiration for the art of this century. With 400 works by 130 international artists, "Der Rhein/Le Rhin/De Waal" sometimes threatens to overflow its own banks.

Yet curators from the three participating museums in Bonn, Nijmegen, the Netherlands, and Strasbourg have netted a representative catch of idioms and isms: from Impressionism to Concept Art, sculpture, photography, video and minimalist installations. In addition, souvenirs, model ships and travel posters testify to the popular attraction of Germany's longest river.

The current presentation updates a show entitled "The Magic of the Rhine in the 18th and 19th Centuries," which made its debut in Bonn three years ago. A small group of paintings from that survey is included here, lending historical dimension to 20th-century achievements. They are essential for an understanding of the traditions that are manipulated ironically by many modern artists. After all, when chemical pollutants mingle with this stream, they also swirl about the Lorelei and obscure the ring of the Nibelung.

Wagner receives a nod in Bonn through the voluptuous paintings of American artist Douglas James Johnson. And the composer's own mythic extravaganza can be seen as a kind of "watershed" between the Romanticism of the 19th century and the more modern realities of an embattled frontier or, too often, an open sewer. (Two decades ago, the oily surface of the Rhine literally burst into flames in the Düsseldorf harbor.)

A waterway developed by the Romans

and later studded with piratical customs barriers by feudal lords, the Rhine was often a military objective. The Versailles Treaty declared it an open, democratic stream, and still provides the basis for regulating its traffic.

But Margaret Bourke-White's riveting photographs of 1945, showing Rhine bridges twisted and curled, expose the irony of that dream.

Where the Rhine is concerned, dream and reality have often been askew. More than any other single event, it was the publication of a diary recording Rhineland misadventures that started the vogue for "romantic" Rhine voyages in the early decades of the last century. The diary was kept by an English girl of 17 who ran away with her older, married lover in the summer of 1814. Mary Godwin was the daughter of the English novelist Mary Wollstonecraft, often called England's first feminist. The lover was the enfant terrible of the English literary scene, Percy Bysshe Shelley.

TOGETHER with Mary's younger sister, the pair traveled from London to Paris, then to Switzerland, and down the Rhine to Holland. When they returned from there to London, the trio was penniless and Mary pregnant. The journey had been strenuous and dangerous, especially along the Lower Rhine, where the diarist described a fellow passenger as "a kind of shapeless animal with a heavy, ugly German face." From Cologne onwards, bands of marauding Cossacks left over from the Napoleonic Wars made it impossible to travel by night.

Despite the discomforts it recorded, the published diary made the Rhine a favorite destination for adventurous British travelers. Its ruined castles also provided settings for countless Gothic novels. (Mary's own classic contribution to the genre was

probably inspired by a visit to Frankenstein Castle, near Darmstadt.) Painters, meanwhile, led the vogue by producing studies of picturesque ruins looming above the water and silhouetted against storm-tossed skies. The Rhine had ceased to be a mere river and become a myth.

Parallels between the mighty Mississippi and the Rhine often occurred to Max Ernst, who grew up near Cologne and lived in American exile from 1939 to 1945. The cross-cultural reflections make his among the most provocative of the works shown in Bonn. In too many other cases, the simple fact that the river can be viewed in a landscape (or appears in the title of an abstract work) seemed to justify its inclusion. And the understandable urge to give the three participating countries equal billing resulted in the selection of a number of French and Dutch artists who conspicuously fail to measure up to the standards set by Ernst, August Macke, George Grosz, Joseph Beuys or Klaus Rinke.

At its best, "Der Rhein/Le Rhin/De Waal" is basically a German show. Perhaps its strongest entry is a pair of lead-bound drawing books by Anselm Kiefer, which might have been pilfered from Wotan's own library at Valhalla. And there is a mesmerizing video sculpture by the Italian Fabrizio Plessi, specially created for this exhibit, that electronically revives the fascination the river once exercised on poets and travelers.

"Der Rhein/Le Rhin/De Waal" is at the Rheinisches Landesmuseum until Oct. 29; at the Museum Commanderie in Nijmegen from Nov. 11 through Jan. 28; and at Strasbourg's Musée d'Art Moderne from the end of February until the end of April.

David Galloway is an art critic and freelance curator based in Wuppertal, Germany.

Met Looks at What Makes a Rembrandt — and What Makes a Fake

By William Grimes
New York Times Service

NEW YORK — There is a paradox at the heart of all love affairs between the public and the greatest artists. The more elusive and mysterious the artist — the more unknowable — the faster the public pulse races.

No artist was ever more of an enigma than Rembrandt, the greatest painter of Holland's 17th-century golden age. No artist in modern times has been more beloved. And no artist has been more of a problem, in large part because documentary evidence about his life and his career is scarce.

What works attributed to Rembrandt did he actually create? What were his working methods and how was his studio organized? Which aspects of Rembrandt's sensibility and style belong to him alone, and which were the common property of 17th-century Amsterdam?

For decades, scholars have been debating these questions passionately, as if the struggle were for the artist's very soul.

The Metropolitan Museum of Art has taken the unusual step of devoting an entire exhibition not to Rembrandt the genius but to Rembrandt the problem. The show, "Rembrandt/Not Rembrandt," which opens to the public on Tuesday, presents more than 100 paintings, prints and drawings to demonstrate the difficulties in sorting out real Rembrandts from the work of pupils, followers, admirers and, in some cases, forgers.

This is one of the rare scholarly enterprises that has actually caught the public's imagination in recent years, as one Rembrandt after another has been stricken from the list of paintings long assumed to be by the master's hand, like "The Man With the Golden Helmet," a superstar at the Staatliche Museum in Berlin that was demoted in 1985.

The Met is in an ideal position to throw a spotlight on the drama of connoisseurship, the art history term for the activity of identifying the author of a painting, largely through close visual analysis.

The exhibition will include all 42 paintings in the museum's collection that are by Rembrandt or were once thought to be so — museum officials believe that about 18 are the genuine article — as well as 30 drawings, 32 prints and several paintings by artists influenced by Rembrandt.

There is disagreement within and without the museum about certain paintings, notably between the two curators of the exhibition, Hubert von Sonnenburg, the head of the paintings conservation department, and Walter Liedtke, the museum's curator of Dutch and Flemish paintings.

Again, the museum has taken an unusual step of letting the two men argue their views before the public.

"Rather than try to homogenize these sometimes discordant voices, we let each write his own catalogue, so that their individual voices can be heard," said Philippe de Montebello, the director of the Met.

In other words, the public will be presented not only with paintings, etchings and drawings, but with arguments. It will get a taste of the passions involved in Rembrandt studies, and a feel for the fine points that can animate the debates surrounding the artist.

With some paintings, disagreement is mild. Von Sonnenburg maintains that "Portrait of a Woman," an oval painting on wood panel from 1633, is a copy. He argues that the painting, which shows a pleasant-looking middle-aged woman in a white lace cap and ruffled lace collar, does not have the substantial buildup of paint layers typical of Rembrandt. Furthermore, X-rays show neither the revisions nor the sure hand that is characteristic of Rembrandt.

Liedtke concedes that the painting does not rank high in the Rembrandt canon. But he counters that Rembrandt was swamped by portrait commissions in the 1630s, when he first set up his studio in Amsterdam, and that the quality of the works therefore varied. He labels the painting "attributed to Rembrandt," a maybe-maybe-not category that leaves the door open for reattribution.

By contrast, the two men disagree sharply about "Christ and the Woman of Samaria," a panel painting from the 1650s. Von Sonnenburg says Rembrandt, Liedtke says a pupil, perhaps Constantijn van Renesse, a suggestion that von Sonnenburg calls "absolutely untenable."

The problems started early. While still a young painter, in the 1630s, Rembrandt

took Amsterdam by storm, becoming the most sought-after portrait painter in the city, having already made a stir with his dramatic early paintings of biblical scenes. From the outset, Rembrandt attracted students, admirers and imitators.

Students may or may not have worked on some of the teacher's paintings. He may or may not have altered theirs.

Historians know of a hundred students and dozens of followers who made copies of Rembrandt paintings. Admirers absorbed his influence and turned out work in his manner, which, to make matters more confusing, changed from decade to decade.

Later hands forged Rembrandt's signature on existing paintings or produced outright fakes.

THE same qualities that make Rembrandt a towering artist also make him a tough nut for connoisseurs. He constantly experimented with new techniques. His manner evolved from the highly finished, tightly rendered portraits of the 1630s to the dramatic, loosely painted masterworks of the 1650s and 1660s. Rather than specializing in a single genre, he painted individual portraits, self-portraits, group portraits, landscapes, history paintings, scenes from the Bible and allegories.

The documentation surrounding Rembrandt is maddeningly scarce. He left behind only seven letters. Only about 30 of his paintings are referred to in inventories, wills or letters. The workings of his studio remain largely a matter of conjecture.

The attribution problems multiplied drastically after the Romantics recast Rembrandt in their own image as a solitary, outcast genius — not just a painter but the painter. For a time, every painting not nailed down was labeled a Rembrandt, apparently on the theory that if several hundred Rembrandts were a good thing, a few hundred more would be even better.

By the turn of the century, experts assigned 377 paintings to Rembrandt. The number jumped to 558 in 1906, 606 in 1909 and 711 in 1921.

The rise of art history as a discipline and the practice of connoisseurship spelled the end of the Rembrandt boom market. More research inevitably meant fewer Rembrandts. On the plus side, gifted painters long relegated to a place in the great man's shadow began to move forward into at least a half-light. "It's important to state what a gifted teacher he was and what talented painters were around him," Liedtke said. "At least a dozen of them produced paintings, sometimes profound ones, that were considered Rembrandts for 200 years."

Perhaps most startling, paintings long assumed to be mature Rembrandts turned out to be by young pupils or assistants.

The most important event in reassessing the artist came in 1969, with the creation of the Rembrandt Research Project, a team of scholars financed by the Dutch government. Its mission was to roam the world, look at every painting listed as a Rembrandt and, using the latest documentary evidence, technical analysis and connois-

seurship, render a verdict. Since 1982, the project has published three volumes of findings in "Corpus of Rembrandt Paintings," covering the years up to 1642. That leaves another quarter century to go.

The seductive idea behind the Rembrandt Research Project was that it would somehow settle the questions of Rembrandt attribution. That has not happened.

In fact, "Rembrandt/Not Rembrandt" at the Met can be seen as an exercise in demystifying the authority of the Dutch group, whose methods have come in for increasing criticism.

It is natural that museum officials regard the project with a cool eye. No one likes to have a Rembrandt taken away. But most institutions, faced with a mountain of supporting evidence and painstaking research, bow before the judgments of the project.

The Met, which over the years has demoted 21 of its own Rembrandts, has adopted a tough line. It has not, for example, changed the labels on two paintings from the 1630s, known as the Van Beresteyn portraits, which the Rembrandt Research project has attributed to Rembrandt's workshop.

Despite the appearance of turmoil, Rembrandt scholars agree more than they disagree.


The pruning away, or "purification," of Rembrandt looks as if it will leave behind a corpus of about 300 paintings, with perhaps 50 in dispute and many more recognized as non-Rembrandts but still without an author.

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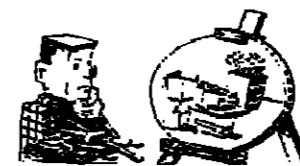
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Herald Tribune

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Next Steps in Balkans

In the most significant step yet toward ending the 42-month-old Bosnian war, the two sides have agreed to a cease-fire beginning next Tuesday. That is to be followed two weeks later by the start of intensive negotiations in the United States, conducted through American intermediaries. These negotiations are meant to prepare the way for face-to-face bargaining at a peace conference in Paris, and the completion of a formal peace treaty.

There have been cease-fires in Bosnia before, all quickly broken, and this one could also prove ephemeral. But this is the first time the parties have agreed to break off the fighting in the context of a mutually accepted framework for final peace.

Having come this far in brokering a Balkan peace, the United States is obliged to take on a significant share of the peacekeeping operation that would follow a successful Paris conference.

The Clinton administration, which has long endorsed the use of American ground troops for this purpose, has been quietly developing plans for doing so. It needs to bring Congress and the public into these discussions without further delay.

The Senate majority leader, Bob Dole, long an advocate of more aggressive U.S. military support for the Bosnians, now seems inclined to oppose an American role in peacekeeping, even though the Bosnians fear making peace without Americans there to uphold it. Washington cannot credibly exert the kind of international leadership Senator Dole demands if it walks away from monitoring a Bosnian peace agreement.

That said, it is also necessary for the administration and Congress to make sure that the limited mission of supervising a peace agreement does not become something more, like refighting the Bosnian war.

The way to do that is to define the military mission precisely at the outset.

establish clear lines of political responsibility and military command and provide adequate force to do the job. These points bear underlining because the original United Nations peacekeeping force in Bosnia was put together without adequately considering any of them.

Fortunately, the peace maps now under discussion, based on a division of Bosnia along militarily realistic frontiers, lend themselves to a manageable peacekeeping mission. The Clinton administration envisions a NATO-led force consisting of as many as 50,000 troops and serving for approximately a year.

The United States would contribute between a third and a half of the NATO troops. There would also be soldiers from non-NATO countries, such as Russia, whose participation is important to a viable peace. These troops would serve under the overall authority of the NATO commander but would remain operationally separate.

The overall size of the peacekeeping force must be large enough to protect its members and to deter violations. A rigidly fixed date for withdrawal is not practical if the main goal is to make sure that the peace agreement takes hold. But setting dates for reassessing the mission's progress and prospects would be a good idea.

Peacekeeping in Bosnia should not represent a return to the old Cold War model of American ground troops making a disproportionate contribution to European security.

Instead, it should represent a step in the transition to something more equitable. In the near future, the military forces of a united Europe should be able to take on expanded responsibility for extinguishing local European conflicts. A successful Bosnian peacekeeping mission can help speed along this necessary transition.

—THE NEW YORK TIMES.

U.S. Must Pay Up

At the United Nations, the argument the United States is having with itself over its international role has passed beyond the point where others wait patiently for Americans to make up their mind. Delay in paying its bills is prompting visible irritation among the country's oldest allies. Washington's \$1.4 billion debt and the cover it provides for other deadbeats are having a terrible effect on the world body.

Worse, this performance undercuts the American capacity to bring about the very reforms the public regards as a necessary (but not sufficient) condition of paying up. The allies' and others' mood was not improved when, breaking the rules, the United States unilaterally legislated itself a lower budget share, from 31 to 25 percent; it took effect just this past week.

The United States has a long record of taking out its foreign policy frustration by slow paying at the United Nations. Two special factors aggravate things now. There is a terrific budget squeeze in Washington. And the Republican Congress is ardently attacking what it sees, and exaggerates, as the Clinton administration's wrongheaded fascination with "multilateralism."

Last year, a Democratic Congress grumbled but financed American UN

payments with a regular appropriation and then a supplemental one. This year the appropriation is down, and there is no supplement. That leaves Washington \$700 million short — a gap the British foreign secretary protests as American "representation without taxation."

There is a more constructive approach to the UN budget. The United States is pushing for reform, which includes trimming the bureaucracy and shrinking special agencies on the development side. But Americans can hardly expect a full bearing for reform appeals if the country does not pay its bills.

Meanwhile, the too-ambitious post-Cold War involvement in UN peacekeeping that Bill Clinton inherited from Ronald Reagan and George Bush is tailing off. Operations are ending in Cambodia and Somalia, in Angola they are being restricted and in Bosnia they are being shifted to NATO. "Multilateralism" is an increasingly stale epithet. Republican conservatives should be the first to embrace a more chastened model of UN peacekeeping.

This model, as Warren Christopher says, advances American interests without forcing U.S. troops to take all the risks or U.S. taxpayers to foot all the bills.

—THE WASHINGTON POST.

A Willful Waffler

Democracy-starved Nigerians have just received word from their latest military ruler, General Sani Abacha, that he can't bring himself to give up power anytime soon. Oh, he's going, he said. But only after his newly designed transition program gets the country ready for full democracy. Nigerians have been hearing such promises for most of the 35 years since independence, so they shouldn't hold their breath for Election Day. According to General Abacha's timetable for civilian rule — which he unveiled this past week with a presumably straight face — the military regime has been awarded another three-year run in office until Oct. 1, 1998, when an elected president will be allowed to take over. It can't be said the general doesn't have a sense of humor.

With nearly two years under his belt as Nigeria's strongman, General Abacha has evidently grown comfortable with the perquisites of office. Since the announcement of the 1993 presidential election, he has talked up a storm about the restoration of democratic rule, all the while presiding over affairs of state with an iron fist. Political opponents have had a way of becoming political detainees. Newspapers have lost their voices. State legislatures have been put out of business and political activity has been banned — all after he seized power. The general's

preferred method of administering justice is still through secret military tribunals. Yet, to hear General Abacha's representatives tell it, the head of state yields to no one in his yearning for civilian rule. Right.

Foreign governments have every reason to be distrustful of the Nigerian government's word. The history of military rulers and democracy in that sub-Saharan country is one of bold pledges and broken promises. Even now, General Abacha, while dangling the charm of military disengagement and lifting the ban on newspapers and political activity, has left himself an opening for sticking around beyond his announced departure day. He said that his regime would pack up and leave on Oct. 1, 1998, as promised, but that "the duration of the timetable [for the transition] will be determined by the time required to complete each phase of the program." Now, that's a waffle.

International pressure, which has been building on General Abacha's regime, should not let up. There are steps the military can take to demonstrate it is ready to go. Political prisoners can be released from jail, sentences commuted and the new three-year reign drastically shortened. The pressure should be aimed toward these results.

—THE WASHINGTON POST.

If Politics Pushed Clinton to Act on Bosnia, So Be It

By Jim Hoagland

WASHINGTON — Few clichés are as dear to American politicians as the claim that politics stops at the water's edge. But good politics can be good foreign policy. Bill Clinton is proving that on Bosnia.

The president's muscular intervention to get a cease-fire in Bosnia after two years of fighting owes a lot to events on the ground. When Croatia's summer blitzkrieg shattered an overextended Bosnian Serbian army, Mr. Clinton saw his chance and took it.

But senior administration officials also point to an uncharacteristically forceful presidential directive to them to "bring clarity" to the Bosnian crisis before re-election campaigning engulfs Mr. Clinton early next year.

They admit this campaign-driven directive was a major factor in a new American activism on Bosnia that has not yet run its course.

If this activism is both sustained and productive — an enormous "if," I admit — it will cast a new light on the water's edge adage and on this president, who

came to Washington tagged by the media, the public and himself as a policy wonk.

Wrong. Mr. Clinton is a politician, not a policy wonk. Politics is a politics wonk. Politics — partisan and personal — energize, inspire and focus Bill Clinton in a way that the detached decision-making of foreign affairs (and many other things) does not. George Bush was in fact the ultimate policy wonk, disdaining and neglecting the political effect of his foreign policy successes and failures.

The shaping of foreign policy by domestic politics is a dangerous enterprise. It invites neglect and indecision once the votes are counted, as the Clinton administration's conduct since 1992 has showed. The national interest can be subordinated to the moods and needs of the day. Like most clichés, the water's edge image contains some truth.

But the political roots of Mr. Clinton's taking charge on Bosnia are not a cause for shame. Even we foreign policy purists have to admit that there are moments

when the imperative of political survival can power the national interest. Churlish press commentary portraying Mr. Clinton's Bosnian turnaround as one giant spin-control operation miss the point.

The chance to hem in Senator Bob Dole and other critics on Bosnia has at last given Mr. Clinton a passion and a drive on a foreign crisis that help stop the erosion of American leadership in global affairs — at least temporarily. That is a salutary consequence.

Secretary of State Warren Christopher is to testify on Capitol Hill four times this coming week as the administration unveils its ambitious campaign to build congressional and public support for a policy that includes a major American role in a peace implementation force in Bosnia and in the economic reconstruction of the former Yugoslavia.

The administration will seek approval for 20,000-plus U.S. soldiers and about \$250 million in reconstruction aid as part of its carrot and stick approach to getting and maintaining a cease-fire. The United States, joined by President Jacques Chirac

of France, is strongly warning Croatia, Bosnia and Serbia that they will get no aid and will be kept out of the European Union if they are responsible for sabotaging this cease-fire effort.

Senator Dole has led the campaign to lift the arms embargo on Bosnia. But he has said little as Defense Secretary William Perry has outlined the administration's plan to train the Bosnians and help them use the cease-fire to establish "equilibrium" on the battlefield.

Mr. Christopher will expand on Mr. Perry's comments, telling Congress that the Bosnians made clear to the U.S. special envoy, Richard Holbrooke, that they would not accept a cease-fire or go to a peace conference without the commitment from Washington to help level the battlefield.

Better were it done two years ago. Better were it done as part of a grand strategic design. But if it takes the pressure of politics to get Mr. Clinton to show this kind of leadership, let us be thankful for politics making it happen at all, and beyond the water's edge.

Washington Post Writers Group.

A Struggling UN Must Now Appreciate the Art of the Possible

By Gareth Evans

NEW YORK — There are many structural changes and personnel reforms that could and should be made within the United Nations system to improve its efficiency. But ultimately the quality of that system depends on what we are prepared to pay for it.

It is important to appreciate the size of the sums involved. The core functions of the United Nations — its headquarters in New York; offices in Geneva, Vienna and Nairobi; and the five regional commissions — cost just \$1.2 billion a year. In 1994, the annual budget of the New York Police Department exceeded that total by \$600 million.

The number of staff needed to run the UN's core functions is around 10,700. Australia's capital, Canberra, employs some 22,000 people on the public payroll.

The cost of the UN's peace operations last year — in Cyprus, the Western Sahara, the former Yugoslavia and 13 other locations — was \$3.2 billion; less than the amount it takes to run three New York City departments (police, fire and prisons).

Add to the UN's core functions all the related programs and organs and you have a total staff of around 33,000 with a budget (including both assessed and voluntary contributions by member

states) of \$6.3 billion a year. That sounds like a lot but it's not quite so much when you consider, for example, that the annual global turnover of just one international accounting firm, Price Waterhouse, is some \$4.5 billion.

Go further, and add to the core functions and related programs all the other specialized programs and agencies of the entire UN family — including the Food and Agriculture Organization, the World Health Organization, the World Bank and the International Monetary Fund — and you have a staff of 61,400 and an annual cost of \$18.2 billion.

That may sound like a lot of people, but it's not when you consider that more people than that — 65,000 — are employed by the three Disney theme parks in California, Florida and France. Three times as many people, 183,000, sell McDonald's hamburgers around the world as work for the UN system.

And \$18.2 billion might be a lot of money, but just one major multinational corporation, Dow Chemical, which happens also to have 61,000 employees worldwide, has an annual revenue of more than \$20 billion.

When the UN's financial prob-

lems are put into this kind of perspective, the solutions do not look quite so hard. Surely the 185 member states, with their combined annual defense expenditure alone of some \$767 billion, can find that kind of money. Of course, the issue of paying for the UN has become critical because of the unwillingness, or inability, of so many member states (including some of the largest) to pay their assessed contributions.

There is a short-term problem that can and should be solved within the UN system by allowing the UN to borrow from the World Bank. Yet there is also a longer-term problem that does not look as though it will be solved, however much UN members continue to work at adjusting the assessment scales, exhorting laggards to pay up and reminding them of the consequences if they don't.

It is, therefore, time to look again very seriously at the options that exist for supplementing contributions from member states by external sources of finance. The practicability of collecting a levy on every one of the annual foreign exchange transactions, worth about \$300 trillion, remains to be fully assessed. If a rate for such a levy of just .001 percent were

struck, which hardly seems likely to have any significant economic consequences, it would generate \$3 billion a year. This levy may be difficult to police and collect. Yet we know that if airline passengers were taxed just \$10 dollars for every international sector flown, which would be easy to collect, it would also yield \$3 billion, nearly the whole annual cost of UN peace operations.

There are other revenue options that have, to a greater or lesser extent, the same link with UN costs that these do. They also involve transactions that are international, take place within a framework of law and cooperation provided by the United Nations and can be harmed by a breakdown in global peace and security.

In the past, objections of principle have been raised against any such talk. Member states, it has been said, should themselves own the UN system; if the UN Secretary-General had direct access to revenue from nonmembers, who knows what adventures it might be inclined to get up to.

But ownership and control are completely separate issues. The UN operates on a sovereign equality principle, which means, for example, that those six states that presently pay between them

more than 65 percent of the UN's regular budget should under no circumstances have greater authority over how it is spent than the overwhelming majority of members that each pay much smaller proportions of the total.

Surely, whatever the funding sources involved, the crucial question is how and by whom the money is spent. It is absolutely vital that there be appropriate control of funds by member states, with proper mechanisms for accountability. However, that does not mean that those member states should themselves have to provide all the funds in the first place.

The time is right for the secretary-general to convene a high-level advisory group with an explicit mandate to think through what has hitherto been somewhat unthinkable — how to fund the UN system in a way that reaches out beyond the resources that member states are prepared to directly put into it.

The parameters of the debate must change. But for that to happen, the UN needs an authoritative new statement of the art of the possible.

The writer is the foreign minister of Australia. He contributed this column to the International Herald Tribune.

Memoirs Indicate the Voters Can Forget a Powell-Perot Party

By William Safire

WASHINGTON — If Bill Clinton ever gets the urge to let Jimmy Carter meddle in foreign affairs again, he should read this passage in "In Confidence," the just-published memoirs of the former Soviet Ambassador Anatoli Dobrynin:

"Jimmy Carter paid me an unexpected visit on January 30 [1984] to voice concern at the extent of Reagan's arms buildup." To undermine U.S. peace overtures, Mr. Carter sent a secret message to Moscow: "The former President was utterly convinced that there would not be a single agreement on arms control, especially on nuclear arms, as long as Reagan remained in power."

Nice to know that our embi-

tered former president tried to get the Evil Empire to disbelieve his successor's demerch. But that's only one of the insights in this season's memoirs.

Bush Secretary of State James Baker writes: "In mid-October [1990], Colin Powell telephoned me and said, 'I'd like to have a little private chat with you.' ... Colin Powell had asked that the meeting be private. I respected his wishes and dispensed with my usual custom of informing [Secretary of Defense] Dick Cheney of any such contacts."

According to Mr. Baker, the Chairman of the Joint Chiefs circumvented the Pentagon's civilian chief to "get a better sense"

of what Mr. Baker thought of putting military-diplomatic pressure on Saddam Hussein.

If true, this would portray General Powell on a devious end run, because, as Mr. Baker puts it, "he knew that I had a close personal relationship with the president."

Mr. Baker protests too much: "Some have suggested that Powell and I knew that we were both opposed to the use of force and that he was soliciting my help, which he denies."

Poor Secretary Baker, duped again into thinking he was someone's confidant. When I read this passage to two men who were assistant secretaries of defense at the time — Richard Perle and

Richard Armitage — both told me they believed that General Powell had fully informed Secretary Cheney of the "private" meeting with Mr. Baker.

Reached in Dallas, Mr. Cheney says he doubts that General Powell kept talks with Mr. Baker from him.

Which brings us to "My American Journey," General Powell's memoir, in which the potential candidate for president refers to Mr. Armitage throughout as "my brother and bodyguard," "confidant," "over-resourceful," "friend of the heart."

This personal warmth in the general's life story certifies Rich Armitage as General Powell's most intimate associate. They were comrades in Washington's bureaucratic wars; they consult to day. If General Powell ever becomes president, you can expect the gruff, outspoken Mr. Armitage to be secretary of defense or White House chief of staff.

Now let us add a political dimension to that closeness in General Powell's memoir. Mr. Armitage, years ago, dared to cross Ross Perot on the matter of Vietnam MIAs and POWs.

The vindictive Mr. Perot put his head together with the radical leftist Christie Institute, which had sued Mr. Armitage for being a drug- and gun-running CIA operative in some vast conspiracy. The suit was thrown out of court and the complainant fined. Mr. Perot later took some of those

phony allegations to the FBI; its inquiry cleared Mr. Armitage.

But when his perceived arch-enemy was nominated to be secretary of the army, Mr. Perot dragged out all the discredited charges. Mr. Armitage went to see his tormentor and tells me he heard another smear about a Vietnamese woman he knew a generation ago.

Mr. Perot's abuse did not let up; Mr. Armitage withdrew his name, though he later took ambassadorial assignments.

That searing experience may be why Mr. Armitage is now advising his friend not to expose himself and family to the reputational rigors of a campaign.

Here then is Mr. Perot, who General Powell told friends is a nutcase, talking to the general about his Independent Party. And General Powell pretends to listen.

Forget it. Memoirs demonstrate that General Powell and Mr. Armitage are best friends; I know that Mr. Armitage and Mr. Perot despise each other; and any political deal between General Powell and Mr. Perot would reflect disloyalty and dishonor on General Powell, a man who reveres loyalty and honor.

"How profoundly human nature and indeed human relations affect the outcome of events," writes the Communist memoirist Dobrynin.

How true, Anatoli.

New York Times Service

Justice in L.A.? You Must Be Mad

By Bob Herbert

NEW YORK — The district attorney of Los Angeles, Gil Garcetti, issued a warning soon after the O.J. Simpson verdict was read. "Don't wait," he said. "If you wait, it could be too late."

He was offering advice to women in abusive situations. He could have been talking to the United States at large. We Americans need to take steps to correct our deteriorating condition. As a society, we are in deep and dangerous trouble.

Last Tuesday we saw the degrading spectacle of men, women and children, most of them black, some in churches and schools, furiously celebrating the Simpson verdict. It was a collective dance on the graves of two innocent people, and a stunningly inappropriate response to the acquittal of a wife-beating, world-class athlete who spent at least some of his time running with the demons of the night.

We also listened to the explosion of race hatred, most of it from whites, that lit up the lines of talk radio. The babbling and ranting had the scent of manure about it and could have been scripted by the racist detective Mark Fuhrman.

Welcome to the United States of America at the tail end of the Century of Progress. We are living in a land that has lost its reason.

Even our supposedly sensible citizens have slipped out of touch with reality. From them came an outpouring of apparently heartfelt complaints that

the verdict had not been just — as if anyone with an IQ higher than an avocado's could have possibly believed that that trial, that gaudy, big-budget Hollywood marathon, that unabashed embrace of murder as entertainment, could have had anything to do with justice.

Tens of millions had watched for months as the defense lawyer Johnnie Cochran strutted like a peacock in his Technicolor suits. The prosecutor Marcia Clark — playing, like the others, to the television audience — was graded on the length of her skirts and the quality of her coiffures. Judge Lance Ito was slurred on national radio by a U.S. senator for not keeping the spectacle moving at a sufficiently entertaining clip.

It was not a trial; it was theater of the grotesque. Brian (Kato) Kaelin was able to move his dim-bulb persona and shaky relationship with the truth from the witness box to the national celebrity circuit. Mr. Fuhrman, who has never heard of the truth and who believes all black people should be burned, opened the door to a thorough airing of the word "nigger."

Justice? You must be mad. In the end, the jury consisted of the last warm bodies Judge Ito could keep his hands on. They would have denied Bill Clinton was president if that would have gotten them out of the hotel.

There is talk now among whites of another backlash against blacks. There is talk now among blacks that the freeing of O.J. Simpson was payback for centuries of humiliation at the hands of whites. Both discussions are destructive and absurd. But you can feel the hardening of racial attitudes on all fronts.

At the same time, the criminal justice system is in crisis, its credibility at a new low, its prognosis bleak. Evidence of police brutality, racism, false arrests, perjury and falsification of evidence is emerging from many venues. In high-profile cases where the aura of celebrity and the power of money are joined, the chances of conviction are getting perilously close to nil.

Given our penchant for denial, we are likely to underestimate the gravity of these problems. A society run along racial lines, in an overheated atmosphere in which both sides lack confidence in the justice system, is a society headed for catastrophe.

It is a time for men and women of courage to assert themselves, to try to find a way to bring together people whose ignorance of one another is profound and whose hatreds are intensifying. Men and women of goodwill are also needed to begin reconstructing the disaster we call a criminal justice system.

This is not work for the faint of heart or for people who need the constant affirmation of their peers. But it is work that needs to be done. Soon.

New York Times Service

1895: Chinese Revolt

PARIS — The Mohammedan revolt, which is attaining such serious dimensions in Kansu and adjoining provinces, writes a correspondent of the London Times, is the latest of a series of civil wars between rival religions. In its main features the present revolt recalls many of the incidents of the Mohammedan rising of 1862, which lasted for some 17 years, and at one time threatened to alienate permanently from the rule of the Chinese an enormous part of the western dominions.

1920: Treaty at Riga

PARIS — [The Herald says in an editorial:] Whether a Bolshevik or an anti-Bolshevik Ukraine shall emerge from the present chaos in Central Europe depends, according to the chief representative of Bolshevism in Paris, upon the terms of the peace to be signed tomorrow [Oct. 8] at Riga. A treaty

which would leave Soviet Russia free to combat the anti-Bolshevik movements within the former boundaries of the Empire would be an evil rather than a good. Unless a limit is placed on the power for evil of the Soviet rulers, when they see themselves again well prepared, they will be likely to inflict greater damage upon the world than they have already done.

1945: Sun Time Again

LONDON — For one hour tonight [Oct. 7] the Westminster chimes, and sonorous tones of Big Ben were stilled while Great Britain reverted to Greenwich Mean Time for the first time since February 1940. Shortly before 10 o'clock Charles Williams, the attendant of the famous clock, motioned the 374 steps of the clock tower to stop Big Ben while the earth spun on around so that today Great Britain is back on sun time again after five and one-half years of summer time and double summer time.

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TRACKING TELECOMS

THE BEAUTY AND BEAST OF COMMUNICATIONS

Broadband will be the backbone of the information superhighway.

Broadband is the beauty and the beast of global telecommunications in the 21st century. On one hand, everyone greets broadband with open arms, seeing endless possibilities for telecommunications products and services. On the other hand, no one seems quite sure how to tame it.

Broadband—the catch-all term that refers to the cable, wire or wireless transmission of multiple frequencies of more than 1 million bits per second—is widely viewed as the cement that will bind the convergence of communications and computing.

Broadband will be the backbone of the global information superhighway, the “fast lane” that will be capable of carrying the higher capacities needed for multimedia to move from network to network around the world.

After all, if few spoken sentences, a couple of bars of a pop song or a mere three seconds of video require the same amount of bits for transmission as a fat novel.

A global superhighway

It seems hard to believe that the National Information Infrastructure, U.S. Vice President Al Gore's initiative for an “information superhighway” for the United States, was launched a mere two years ago. As an outgrowth of the NII, the Group of Seven has begun working toward a Global Information Infrastructure. The GII, in theory, will promote the democratic, free-market movement of information throughout the world, with protections for free speech, privacy and intellectual property.

The leading industrialized countries are in general agreement that they

should have broadband networks, that those networks should be built and maintained by private interests and that those networks should be able to “talk” to each other—which is why the development of technical standards is so important.

“Achieving the full benefits of broadband technology will require fundamental re-engineering of many commercial information-handling processes,” says Neal Seitz, the deputy director for systems and networks at the U.S. Department of Commerce Institute for Telecommunication Sciences.

“Implementing these fundamental changes will be a major challenge for planners and workers in information-intensive industries. Telecommunication service providers will need to do a much better job understanding user application needs to make this re-engineering process effective.”

Billions at stake

The billion-dollar question—for many companies, tens of billions may be at stake—is how broadband actually will be delivered to homes, businesses and institutions: over telephone lines, via cable or by satellite signals. Who will spend the money to build broadband networks, and how will they profit from those networks?

The big telecommunications carriers are the obvious candidates, assuming their national monopolies are deregulated to allow them to compete in each other's markets—and to allow outsiders, including satellite and cable companies, to compete, too.

Combined with the convergence of computing and communications, deregulation has triggered a wave of

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Broadband Communications

The next technological wave aims toward integrated broadband services, which will provide high-quality and interactive multimedia services, with ATM as the lead technology. North America, Europe and Asia-Pacific are rushing to develop an ATM broadband infrastructure as the backbone of an information society.

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Pricing strategies

Page 12 United States: Building the NII
Europe's ATM Network

An IHT/ETSI initiative.

TODAY'S KEY PLAYERS: STILL ON TOP TOMORROW?

Data-communications and telecom companies launch the ATM offensive.

Enormous research and development resources are needed to develop and manufacture the equipment at the core of telecommunications infrastructure. This has resulted in the consolidation of the industry, from 20 or 30 companies in the late 1970s to a handful of players today. They include Alcatel, Ericsson, Nortel, Siemens, Fujitsu and NEC.

Technology is affecting telecommunications more than any other single factor. Developments since the early 1980s, when optical fiber was first demonstrated as being economically viable, have been more rapid and profound than ever before in the history of telecommunications. It could be ar-

gued that in terms of price/performance, many of the elements of modern telecommunications systems are improving faster than the integrated circuits that revolutionized the computing sector.

The new challengers

It is possible that the analogy of the computer industry will have further resonance. Companies that led the industry in the days of the mainframe have not fared well in the new era of democratic, distributed computing. It is newcomers Microsoft and Intel who have risen from start-up to market

Continued on page 12

CREATING THE STANDARDS TO FULFILL ATM PROMISE

ATM offers the possibility of seamlessly integrated communications.

Asynchronous Transfer Mode offers two unprecedented advantages. ATM is the first transmission technology that is able to cope with voice, data, video and image traffic with equal facility and that is suitable for communications to the desktop, across local and wide-area networks, and for use on public and private infrastructures.

It uses fixed-length (53 bytes) cells that are routed across a network connected by ATM switches, and it combines the best features of circuit and packet switching—that is, guaranteed bandwidth efficiently used. Naturally, this promise of seamlessly integrated

communications can only be fulfilled if the necessary standards are in place. Given ATM's scope, this is a major undertaking.

History of ATM

ATM grew out of the work done on B-ISDN (Broadband Integrated Services Digital Network), which began in the mid-1980s. George Dobrowski, director of broadband signalling and switching technology at Bellcore, says that in summer 1989, having looked at a number of options, the CCITT (now the International Telecommunication

Continued on page 12

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TRACKING TELECOMS

BROADBAND COMMUNICATIONS

WHAT DO DINOSAURS AND DOCTORS USE IN COMMON?

From Jurassic Park to surgery rooms, multimedia is all the rage.

The doctor peers at the X-ray before giving his diagnosis to a colleague prepping a patient for surgery. It is an everyday event in a hospital, but here the senior doctor is examining the X-ray on a computer monitor connected by telephone to his protégé's computer 500 kilometers (310 miles) away. If necessary, he could lead his junior colleague through the actual surgery. This is "tele-medicine," one of many new videoconferencing applications.

Linked by ISDN Basic-Rate Interface (BRI) lines, users with desktop PCs equipped with FlipCams can conduct meetings and share files as if they were in the same room. The hardware connector contains a "codec" (coder/decoder), switcher, audio mixer and software algorithm. The video interface is connected to a digital PBX or directly into a LAN. Recent advances support multipoint connections even if participants use dissimilar video equipment, digital transmission speeds or network-transport services. Sites can even be connected by satellite via the GBVS network.

Voice Activated Switching lets participants see the speaker, who sees the previous speaker. "Chair Control" lets a participant request or relinquish control, choose the broadcaster or drop a participant.

Videoconferencing is rapidly becoming integral to the business world. "Soon it will be so integrated into your workspace that it will be an everyday tool," says industrial analyst Sara Dickinson of Personal Technology Research.

Aerospace, computer science, electronics and automobile designers use videoconferencing to reduce travel time and costs. Owens-Corning executives conduct meetings comprising engineering, headquarters, technical and manufacturing personnel at 21 North American and European plants. Other companies use it for training widely separated employees, presentations, job interviews, construction planning and quality-control inspections of overseas factories.

But videoconferencing serves more than business. In academic circles,

"Distance Learning" lets teachers present material and quiz participants in several locations. California State University at Sacramento now links lecturers with 26,000 off-campus students. Primary-school pupils in Los Angeles and Tokyo ask each other about their respective countries. And this year, several National Basketball Association teams videoconferenced with their top draft picks before making their final selections.

Special-effects wizards

Industrial Light and Magic, the special-effects wizards, uses a sophisticated transmission technique with greater bandwidth, a dedicated ISDN line and satellite. "When we were creating the special effects for 'Jurassic Park,' we held daily meetings with Steven Spielberg, who was in Poland filming 'Schindler's List,'" says Ellen Pasternak of ILM. "Both parties could view the same video transfers and see the others' faces. They used pointers to indicate, say, a portion of a dinosaur's



Multimedia applications: From medicine to cinematic special effects, videoconferencing offers a cheaper and highly efficient alternative to travel.

eye, and ask, 'Is this the way you wanted it to look?'

"At Skywalker Sound," she adds, "we record actors in Los Angeles dubbing live. We can synch it up with our recording studios near San Francisco with perfect clarity."

According to "The Desktop Personal Conferencing Market: A State of the Industry Report, Part 1" of March 1995, "there are approximately 28,000 videoconferencing systems in use worldwide on PC, Macintosh and Unix platforms across WAN, ISDN, PSTN and LAN environments." PC-based

ISDN BRI capable systems hold the main market share (61 percent), followed by Unix (34 percent) and Apple (5 percent). The major servers are AT&T, Intel and PictureTel, which in 1994 together held 81 percent of the market, followed by British Telecom, Vivo and VTEL.

Decreasing costs

Costs are far below those for travel. Video calls from Los Angeles to New York cost around \$30 per hour. To Britain, they average \$240 per hour, and to Japan, \$260 to \$280.



With hardware price drops, videoconferencing systems may become commonplace in the home. "The PC unit that costs \$1,700 today will cost only \$300 in 1999," says Ms. Dickinson. She estimates that in 1999, 3.8 million PC units will be shipped, a 12,000 percent increase over 1995 levels. Unix systems will rise from 21,600 in 1995 to 1,366,000 in 1999.

System improvements are contingent upon advances in bandwidth and compression techniques. "The video component is presently 10 to 15 frames per second, which is slow for most view-

ers," says Sheryl Robertson, video applications manager for AT&T. "Camera and voice transmissions require 90 megabits of information per second, far more than present systems can handle. Codec cards and software compress it 800 to 900 times to put it through a 128-kilobit line, but this is still not enough for full-motion video."

As in most telecommunications, fiber optics is the miracle medium that will broaden the bandwidth, but experts agree that full global broadband networks are still five to 10 years away. *Steve Van Beek*

THE BEAUTY AND BEAST OF GLOBAL COMMUNICATIONS

Continued from page 9

corporate alliances aimed at creating and delivering multimedia.

From copper to fiber

Fiber-optic lines capable of carrying millions of bits per second — needed for teleconferencing, video-on-demand, interactive virtual-reality training and other rich multimedia applications — are seen as the logical successor to today's narrowband twisted-pair copper telephone lines. However, replacing existing phone lines with fiber is a huge and expensive undertaking, particularly in the United States, with its huge installed copper base.

Fast Ethernet, FDDI (Fiber Distributed Data Interface), frame relay and other technologies are making networks work faster, but the telecommunications carriers believe the long-range trend is toward B-ISDN (Broad-

band Integrated Services Digital Networks) based on the SONET/SDH hierarchy, and ATM (Asynchronous Transfer Mode) international networking standards. The ATM market is expected to grow from \$165 million in 1994 to \$2.3 billion by 1997. With ATM, transmission speeds will reach 155 Mbit/s, and eventually 622 Mbit/s.

Despite the disadvantage of installed narrowband, where even digital upgrades for a "video dial tone" deliver VHS quality rather than the better broadcast-quality video, telephone companies have the advantage of being geared toward service and offering two-way communications. Cable can handle broadband transmissions now — a single video channel can carry 1,500 phone calls — but the industry is geared toward entertainment, rather than utility-style service, and generally offers one-way bandwidth with only small upstream capabilities for interactive

multimedia. Similarly, direct satellite distribution, with its advantages for rural and less-developed areas without established communications bases, has the problem of difficult uplinks to satellites.

Many experts believe that the businesses, institutions and perhaps even the homes of the 21st century will have a mix of telephone, cable and satellite service, and many customers will use a combination of two or all three. How customers pay for broadband service — flat monthly fees or by time, content, distance, the number of bits sent or received, or some combination of those — will be a big and competitive issue.

The chicken and the egg

Whoever builds broadband networks — telephone, cable TV or satellite companies — will face the task of filling the bandwidth with products and services that consumers, businesses and educa-

tional institutions will pay for. Will broadband networks lead to the development of new multimedia products and services?

Or will new multimedia spur the development of broadband?

"It is a chicken-and-egg sort of thing," says John Fike, director of the Center for Telecommunications Management at Texas A&M University. "The short-term driver is going to be entertainment and recreation. Surfing the Net is recreation. Business applications will follow behind except in certain industries where there is a need, such as in programming. Let us imagine a business customer who really sees how he or she can do better with broadband service. The best thing for that customer is to see a big entertainment splash with broadband, to develop the infrastructure for what he or she wants to do."

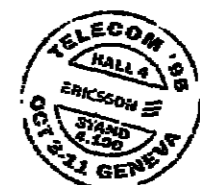
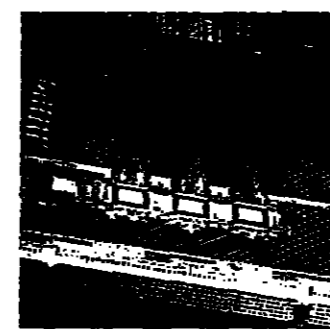
Others, however, warn that the ex-

pected demand for multimedia may be years away. "A big factor is whether or not the consumer is ready or all of the services," says Doug Jacobson, a professor of electrical and computer engineering at Iowa State University. "Until there is a demand for the services, we will not see much broadband fiber to the home."

Even if there is demand for broadband, many experts believe a truly global broadband network is decades away. "Do not underestimate the time it will take," says Milton Mueller, a Rutgers communications professor working on a research project in Hong Kong this year. "We are talking at least 30 years before a truly ubiquitous broadband network spreads throughout the United States. Anyone who says differently simply has no grasp of the size of the investment and the scale of the coordination problems involved." *Tia Harper*

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CECILIA UEBEL BLOMGREN, Manager, Business Development ATM Broadband, Ericsson Telecom, Sweden.



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TRACKING TELECOMS

SLOUCHING TOWARD A GLOBAL NETWORK

An update on the building of the global information highway.

Who will have access to cyberspace? Who will be able to post and retrieve, to upload and download, to offer services on demand and demand services? Who will build the information superhighway? Who will pay for it? Will there be legal protections for privacy, free speech or copyrights? These are just some of the questions posed along the way toward development of the Global Information Infrastructure (GII), the blueprint being drawn for the electronic global village of the 21st century.

The GII is, literally, the global information superhighway. Just as the roadway engineers of the 20th century tried to lay concrete for the most efficient movement of vehicles carrying people and products, the builders of the information superhighway are striving for the open movement of information to and from any part of the world.

Global information market

The movement toward the GII has grown out of the United States' agenda for establishing a National Information Infrastructure. Now G7, the group of leading industrial nations, and other international political and trade blocs, including the European Union, are trying to agree on technical, legal, economic and cultural frameworks for international telecommunications.

A G7 report put it this way: "By interconnecting local, national, regional and global networks, the GII can increase economic growth, create jobs and improve infrastructures. Taken as a whole, this worldwide 'network of networks' will create a global information marketplace, encouraging broad-based social discourse within and among all countries."

Six principles for GII

Guenther Moeller, director general of the German Information Technology Manufacturers' Association, says: "To prepare for the markets of tomorrow, information must be made available in the right form, at the right time and at an affordable price."

Mr. Moeller—who is also secretary general of EUROBIT, the European Association of Manufacturers of Business Machines and Information Technology—lists six principles for the GII: interoperable systems and applications, privacy and data security, protection for intellectual property rights, universal access to networks, access to research and development, and new applications.

"Looking globally, we see a patchwork of incompatible communications networks marked by high costs, low-quality services and very limited interoperability between systems," Mr. Moeller says. "What we desperately need is a

common worldwide infrastructure to communicate information at reduced costs."

In the United States, the Electronic Industries Association and its affiliate association, the Telecommunications Industry Association, recently released an expanded "White Paper" on the building of the GII. EIA and TIA offer the following recommendations: The private sector must play the lead role; enlightened regulation is essential; the role of global standards is critical; universal service and access must support competitive, market-driven solutions; security and privacy are essential requirements; and intellectual property rights must support new technologies.

"We believe the acceleration of the GII's evolution should be based on a national policy of private ownership and open market competition," says TIA President Matthew J. Flanagan.

Public or private?

The Clinton administration has said it will leave the actual construction and management of a National Information Infrastructure up to private industry and the rules of the free market. Some other countries may be more willing to put government money into technical infrastructure, including paying for faster, broader networks. At this point, however, it appears that the GII will be underscored by a commitment to free markets and democracy through the free movement of ideas and information all over the world.

End-to-end transparency

There have been a few preliminary agreements signed in recent months—between the United States, for example, and Chile, Argentina, Mexico and Russia, respectively—but no one knows how long it will take the nations of the world to agree on an overall GII. Years, certainly. One of the first steps has been an agreement among the G7 nations to interconnect national broadband networks by 1997, as a base for "end-to-end transparency in global networks." Determining when every corner of the world might have its own on-ramp for the information superhighway, however, is more difficult.

"There have been successes, but most of the discussions have focused on laying the groundwork," says Paige Darden, a spokeswoman for the U.S. Commerce Department's National Telecommunications and Information Administration. "When you consider that 50 percent of the world's population has never talked on a telephone, we have a long way to go."

T.H.

BROADBAND COMMUNICATIONS



Opening a world of possibilities: The information superhighway will transform the way people work and play.

NEW STRATEGIES NEEDED FOR PRICES

Telecommunications operators are facing serious dilemmas concerning tariffs.

The present pricing structures of telecom operators reflect historical necessities rather than the situation today, and the coincidence of a number of factors is making their current strategies indefensible and inappropriate.

Tim Kelly, head of operations analysis at the International Telecommunication Union, says tariff structures are based on a scarcity of capacity and "are optimized for the usage of each telephone line for just a few minutes per day." This is no longer relevant to developed countries. Mr. Kelly argues that if telephone companies want to provide services such as home shopping and video-on-demand, then they need to consider abandoning their cherished principle of volume-based charges.

If volume-based charging continues, then a Belgian consumer, for example, watching a movie down-

loaded from a server in America would have to pay around \$65 per hour for the privilege (based on ITU figures) because the "call" would be billed at the same rate as for a voice call of that duration. Clearly there would be few subscribers, but on the other hand, it would be difficult for an operator to justify different tariffs for disparate types of traffic, carried over the same network.

The age of multimedia

Voice traffic is common to the business and residential markets, and hence charges are broadly similar. Data carriage, on the other hand, has only concerned the business community, and operators charge premium rates for services such as leased lines, X.25 and frame relay. In the coming age of multimedia, the residential market will be involved for the first

time in generating significant amounts of traffic other than voice, and the premiums it will bear will be much less than those the business community has been willing to shoulder.

ATM (Asynchronous Transfer Mode) poses difficult questions. It is the first technology that can handle voice, data, images and video with equal facility and that can supply the required bandwidth as it is needed. This wrecks current pricing policies, with carriers charging premiums for, say, 56 k, 64 k, 1.5 M or 2 Mbit/s leased lines.

Cost-based charges

Public network operators are also facing increasing pressure to make their charges cost-based. This is likely to demand a shift in tariffing policy; for example, connection charges and line-rental charges do not usually cover

the cost of running the local loop, so that cost is subsidized by higher call charges. Rebalancing would mean higher fixed costs and lower call charges. In the longer term, the marginal costs of switching and transmission are heading toward almost nothing, which will wreck operators' profits if costs are to be price-based.

All these factors have to be considered in the light of the introduction or expansion of competition. Where does this leave the operators? The trick they need to work out is how to maintain revenue from existing services while introducing new ones, such as interactive multimedia. Here is where operators can turn ATM to their advantage and use its flexibility, coupled with sophisticated billing technology, to offer customers more options or packages.

Annie Turner

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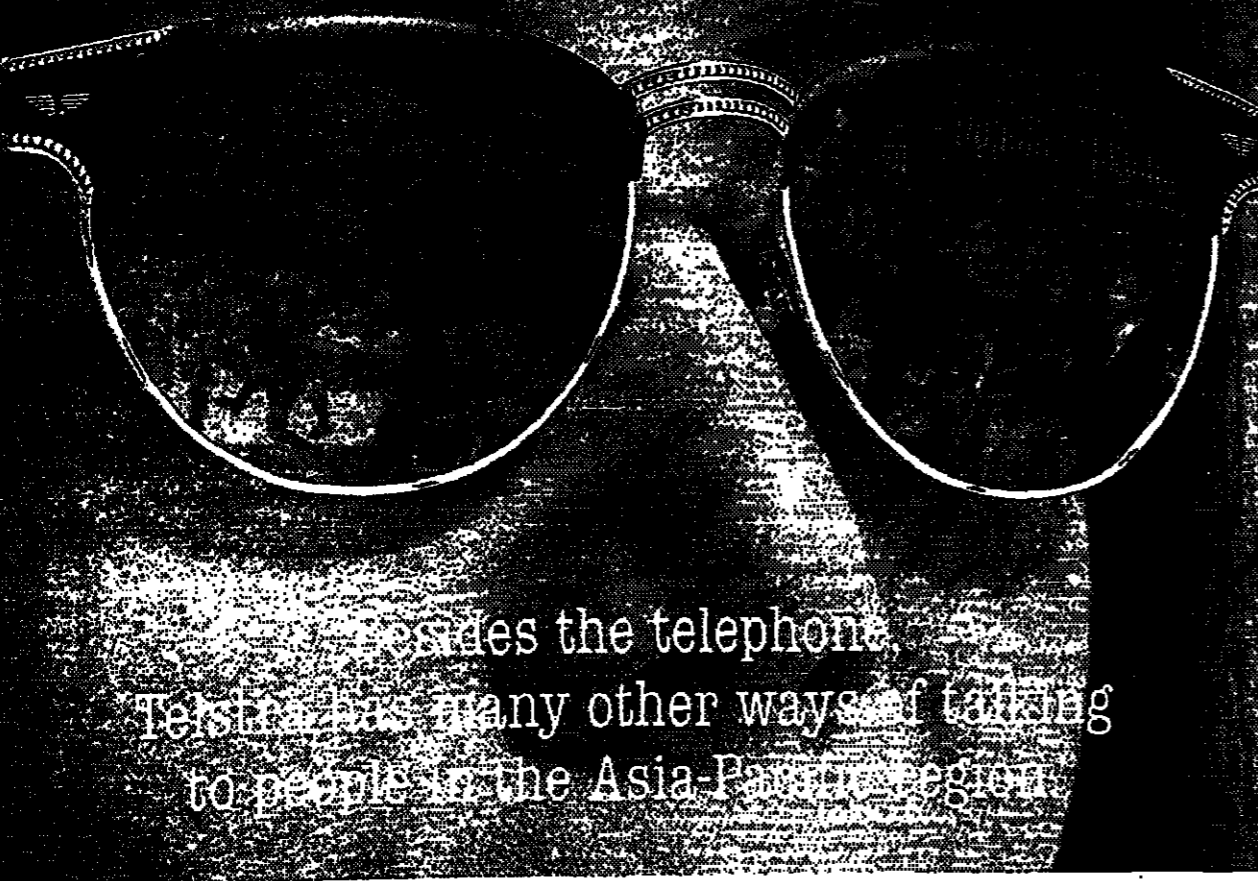
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TRACKING TELECOMS

BROADBAND COMMUNICATIONS

LIFE ON-LINE: AMERICA'S INFORMATION SUPERHIGHWAY

The question is not whether, but when.

There is much talk among the philosophical roadies of the information superhighway about the so-called Jeffersonian ideal of cyberspace. Groups such as the Electronic Frontier Foundation, a public-interest organization, see the future of telecommunications as more egalitarian than elitist and more decentralized than hierarchical, serving individuals and communities, not mass audiences.

On the other hand, it is the large corporations, with money and technology and more money, that are doing the most to actually bring the information superhighway into homes and businesses, and to bring millions of people on-line with information, games, shopping and other entertainment, and personal services that appeal to enough people to be commercially viable.

Intense lobbying

So far, the debate on the future of the National Information Infrastructure has been robust and spread across a wide spectrum of American society. Certainly the companies with the most to gain—the telephone and cable companies, primarily, but also other communications, computer and entertainment interests—have been waging intense lobbying campaigns for the benefit of both Congress and the public.

Communities around the country are moving—usually with a combination of private, government and school funding—to become “electronic villages,” where homes, business, civic groups, schools and local government are all linked by broadband networks. Business groups and state governments are also working to build their local lanes for the information superhighway.

For example, Smart Valley, Inc.—a non-profit organization working with a variety of Northern California businesses, many of them in computing and communications—is one of several groups trying to lay a regional foundation for the national information infrastructure. Some follow a top-down model, driven by government, a large educational institution, or one or two large private companies. Others, such as Smart Valley, strive for a grass roots strategy, acting as a catalyst or facilitator to bring together government, private and civic groups and individuals to work on collaborative projects.

Virginia is one of the states where government and education have taken the lead. The

University of Virginia has completed a “Virginia Broadband Network Study” proposing that the state government serve as the “anchor tenant” of a broadband network combining 20 local exchange carriers throughout the state.

Fiber coverage already extends to more than 95 percent of the state’s local exchanges, the report says, and digital switching of old narrowband lines would create a 100 percent broadband network that would cost \$1 billion to complete and bring in up to \$5 billion in additional tax revenues over the first decade, largely through a \$15 billion boost in gross state product.

The Virginia plan is similar to many others throughout the United States in that it does not contemplate waiting for a completely fiber network to begin carrying broadband. Twisted-pair copper can still deliver broadband via new technology such as Asynchronous Transfer Mode (ATM). ADSL-1 would allow the current wiring on three of four American and Canadian homes to receive 1.544 megabits per second, which is suitable for VCR-quality video. ADSL-2 can run beyond 3 Mbit/s, and ADSL-3 beyond 6 Mbit/s.

Something worth paying for

Do Americans want or need all those bits pouring into their homes, either by fiber or copper, or through cellular or satellite signals? The answer is yes. But the question is when. Americans will not be eager to repay investments for broadband fiber, or even ADSL, unless and until the technology delivers something worth paying more for—whether games, electronic mail, shopping and financial services, or anything else.

So will the future of cyberspace be dominated by multimedia and telecommunications giants, pumping out entertainment that sinks to the lowest common denominator? Will the deregulation of the American telecommunications industry amount to little more than a business plan for the regional Bells, Hollywood and the cable industry?

Or will the future bring small pockets of special interests and electronic “communities”—perhaps a version of Marshall McLuhan’s “global village,” with room for pluralism and diversity?

The goal of the NII, perhaps, is to make room for both, and then see what happens. T.H.



Top telecom players are looking to China and other developing countries for continued growth.

WILL TODAY'S KEY PLAYERS REMAIN ON TOP TOMORROW?

Continued from page 9

dominance within a few years. The same pattern could emerge in the telecommunications industry, with ATM (Asynchronous Transfer Mode) being the most likely offensive.

System suppliers' edge

ATM is the first technology to be developed by both the telecommunications and data-communications industries. The latter is accustomed to cut-throat competition and profit margins, routinely living with price reductions of about 20 percent or 30 percent per year, and getting products to market in a matter of months. These companies are delivering ATM equipment for data networks at prices that “must horrify product managers in the established telecommunications-equipment manufacturers,” says David Cleveley, managing director of consultancy Analysys, based in Cambridge, England.

Furthermore, these computer-systems suppliers themselves have an established base inside customer premises. As a result, they have a better understanding of what customers want and how their communications and information-processing needs are evolving. It is the system suppliers, not the established players in wide-area networking, who may be in the best position to exploit this new technology.

Perhaps the company best positioned to seize this opportunity is Electronic Data Systems; in addition to having a close relationship with end users—for whom it designs, installs and runs systems—and provides consultancy as required—EDS also has a good grasp of the telecommunications operators’ business. “There is a very large business helping telecommunications companies with back office and customer support,” says John Harris of EDS’ Communications Industry Group. “It accounts for around 10 percent of EDS’ total \$10 billion turnover and is one of the fastest-growing areas.”

New growth areas

As no further mergers are possible within the telecommunications-equipment-supply industry, manufacturers must look elsewhere for growth. It is said that, to date in Britain, Nortel (formerly Northern Telecom) has earned more from new operator Energis in the form of consultancy in network design than from equipment sales. Alan Lytle, a vice president of Nortel (Northern Telecom) World Trade,

says that flexibility and integrity are the key to future success.

The range of services supplied to customers by Nortel might include assigning a number of staff to a research-and-development project full time; providing a turnkey solution; designing, implementing and even running infrastructure, including sales and marketing services as well as technical expertise; or arranging the finance to put infrastructure in place. Nortel has its own treasury department, which liaises with banks to arrange such loans.

Developing markets

Mr. Lytle also looks to developing markets for continued growth, but says partnership is crucial and that such countries are knowledgeable about what they want and what they will pay. Nortel has been in China since 1972; it has a 10 percent share of the market, four joint ventures and five factories there.

The latest one to be completed in Shunde, Guangdong province is as big as Nortel’s largest manufacturing plant, which is in its native Canada.

Alcatel has announced that it intends to be a shareholder in various network operators to generate new revenue streams. Last year, it entered the contest for a personal communications network (PCN) license in France, losing to Bouygues, and has become a shareholder in Globalstar, a global mobile satellite service consortium.

Annie Turner

IN INTEREST OF ALL: EUROPE'S NETWORK

Europe tests the world's largest ATM network.

Cooperation is still the key word as the rollout of Europe’s broadband information superhighway continues to gather momentum. European operators have set up the world’s largest and most sophisticated ATM network in a concerted bid to accelerate the development of broadband standards and gain vital operational experience. Now they are working together again in response to a new European Commission call for tender.

Five operators signed the original Memorandum of Understanding in 1992. Eleven more had joined by July 1994, when the ATM pilot network was up and running for trial. The official opening ceremony, a Dublin-Brussels video-conference in November 1994, was simultaneously relayed to more than 20 European cities. The full-scale test was Europe’s chance to shorten the technology learning curve by running a real network with real transmission systems, ATM switches and multimedia applications. Leading-edge applications came from researchers working on pan-European research projects such as RACE, TEN-IBC (Trans-European Network, Integrated Broadband Communications) and the PNO’s own research and development laboratories.

About 60 of these high-speed multiservice applications have now been run across the network; they range from videoconferencing and multimedia mail to high-speed computing and telecom network testing. In the aerospace industry, academic researchers and industrial manufacturers have linked up for satellite design. In European hospitals and universities of medicine, other researchers have been able to work together on disease diagnosis, cardiology and general consultation at long distance.

What's the point?

The prime objective of the exercise to date has been to examine ATM technology in action, to put ETSI- and ITU-recommended standards into practice and, most specifically, to test the interoperability of ATM cross-connects in a multi-vendor and multi-operator environment.

“The ATM Pilot is accelerating the introduction of compatible broadband capabilities within Europe, and the issue for users is how to make best use of a shared high bit-rate network,” says a spokesperson for Deutsche Telekom in Bonn, echoing the ATM Pilot Members’ recently reported results. A BT spokesperson in London says: “Everyone is cooperating because it is in everyone’s interests. That way, you get the equipment faster and cheaper.”

By the end of 1995, a date which coincides with the end of the original Memorandum of Understanding, the ATM Trial Network will probably be used by 200 user groups.

Earlier this year, the European Commission launched two calls for proposals in a bid to address R&D precompetitive trial interconnection needs. Two consortia are bidding. The first, TEN34 (Trans-European Network at 34 Mbit/s), brings together the interested user groups from Europe’s research and academic networks. The second, JAMES (Joint ATM Experiment on European Services), consists of 18 operators—all the original MoU signatories and one newcomer from Greece (OTE).

Users' point of view

Industry observers would like to see the commission accept both offers and encourage them to work together. “The European ATM pilot was a technology trial. Now we want to get the user involved in defining the type of commercial application they require,” says Jean Louis Morard, ATM and broadband services manager with BT Global Marketing in Paris. “The initial trial raised some rather complex issues. With JAMES, we intend to improve the operational side and look at new services from a user/market point of view.”

A spokesperson at France Telecom, another of the MoU’s original signatories, underlines the need for dialogue. “We need to see how each side approaches the problem,” says the spokesperson. Michel Levy, chairman of the European ATM Forum, is more bullish. “The market is taking off, and technology is no longer the issue,” he says. “ATM is moving from the experimental to the commercial phase.”

Steven Bartlett

DEVELOPING THE STANDARDS TO FULFILL ATM PROMISE

Continued from page 9

Union Telecommunication Standards Sector—ITU-T) chose ATM as the switching and transport technique for broadband.

The following year, 13 I-Series Recommendations were drawn up to describe the concept and specifications to introduce ATM into networks. These initial recommendations have been much expanded since then, and work is still under way to define multichannel signaling protocols, traffic-management techniques and performance-measurement mechanisms.

Other standards that have a bearing on the development of ATM include the SDH/SONET (Synchronous Digital Hierarchy/Synchronous Optical Network), which is a range of fiber-optic transmission rates, and the Q-Series of Recommendations. The latter are the responsibility of Study Group 11 of the ITU-T and pertain to switching and signaling issues.

The ATM Forum

The great potential of ATM gave rise to the founding of the ATM Forum. It had four initial members; the number has now swelled to 742 and includes computing and communications companies, government agencies, research organizations and end users. There is great emphasis on interactivity.

The ATM Forum is not a standards-setting body. “The

forum bases its work on standards [as outlined above] and supplements them by filling in details so that equipment manufacturers are sure that their products will interoperate with those of other vendors,” says Mr. Dobrowski, who is chairman of the forum’s Technical Committee. “We refer to our documents as implementation agreements or specifications. There are loads of ingredients in any recipe that will feed an end-to-end system.” This year, the forum will be issuing almost 40 specifications.

Some detractors have pointed out that most of the ATM Forum’s work has involved the private domain. There have also been suggestions of tensions between the forum (and others that have since been established to speed the progress of specific technologies) and the traditional standards bodies.

Mr. Dobrowski refutes both claims. He points out that the forum’s mission is to promote the acceptance and implementation of ATM technology and applications based on national and international standards. This can be done most efficiently by reaching the early adopters, he says, adding that “the data communications market was the first segment that wanted to capitalize on ATM technology and who was the most prepared to use it.”

Olivier Choron, industry analyst with Dataquest Europe, sees ATM’s current

main role in the local area network as being in the backbone. He says that as “a radical new technology, ATM is facing stiff competition in this market from evolutionary technologies, principally Switched Ethernet, which can supply dedicated 10-megabit-per-second pipes to the desktop if needed or by 100 Mbit/s Ethernet, which can be deployed in the backbone.”

Commercial services

Meanwhile, work is going on apace in the ATM Forum concerning the introduction of ATM into public networks. In the B-ICI (Broadband-Inter Carrier Interface) Work Group (one of 11), good progress is being made on SVC (Switched Virtual Circuit) interfaces. Earlier specifications only covered PVCs (Private Virtual Circuits) and hence had no ability to signal what kind of connection was required. The new specification, which should be completed very soon, covers SVCs and will allow links between different operators’ switches.

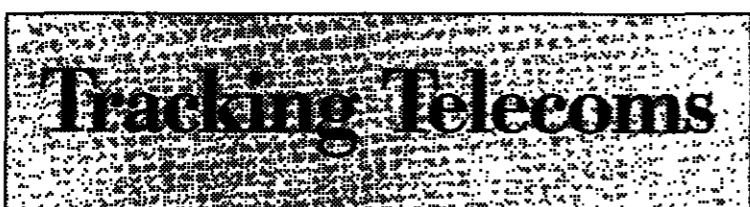
Mr. Dobrowski says that 13 inter-exchange carriers are offering a commercial ATM service, some of which will be SVC by the end of this year. Dr. Iain Stevenson, ATM specialist with London-based consultancy Ovum, adds that in Europe, Telecom Finland and Deutsche Telekom offer commercial services already and will be joined by Belgacom, Denmark and Sweden

by the end of the year. The Netherlands is also holding trials in various cities.

Relations between the forum and the standards-setting bodies are becoming broader-based and more official. Talks about work plans and schedules now take place between the ATM Forum and the ITU’s Study Groups 11 and 13, and Mr. Dobrowski says that “we have just linked up with Study Group 15 [Transmission Systems & Equipment].” He emphasizes that there are still no direct discussions on technical issues. In the United States, this has to be done through the appropriate national standards body, which until recently has meant the American National Standards Institute (ANSI) via the T1 Technical sub-committee (T1A1). The ATM Forum is working on a memorandum of understanding with the European Telecommunications Standards Institute (ETSI) to develop a similar relationship.

Mr. Stevenson believes that the standards that need to be ironed out for the transmission of voice will largely remain the province of the ITU, but he acknowledges that the ATM Forum’s Service Aspects and Applications Work Group will contribute substantially to introducing multimedia onto the public networks; he expects to see ATM-borne multimedia applications on enterprise networks in the next year or so.

Annie Turner



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Friday's 4 p.m. Close

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Investing: Rhyme Or Reason?

M.B.

"At the Crest of the Tidal Wave," by Robert R. Prechter, Jr., is published by New Classic Library, P.O. Box 1618, Gainesville, Georgia 30503.

The ‘September Effect’ and Other Seasonal Investment Quirks

By Conrad de Aenlle

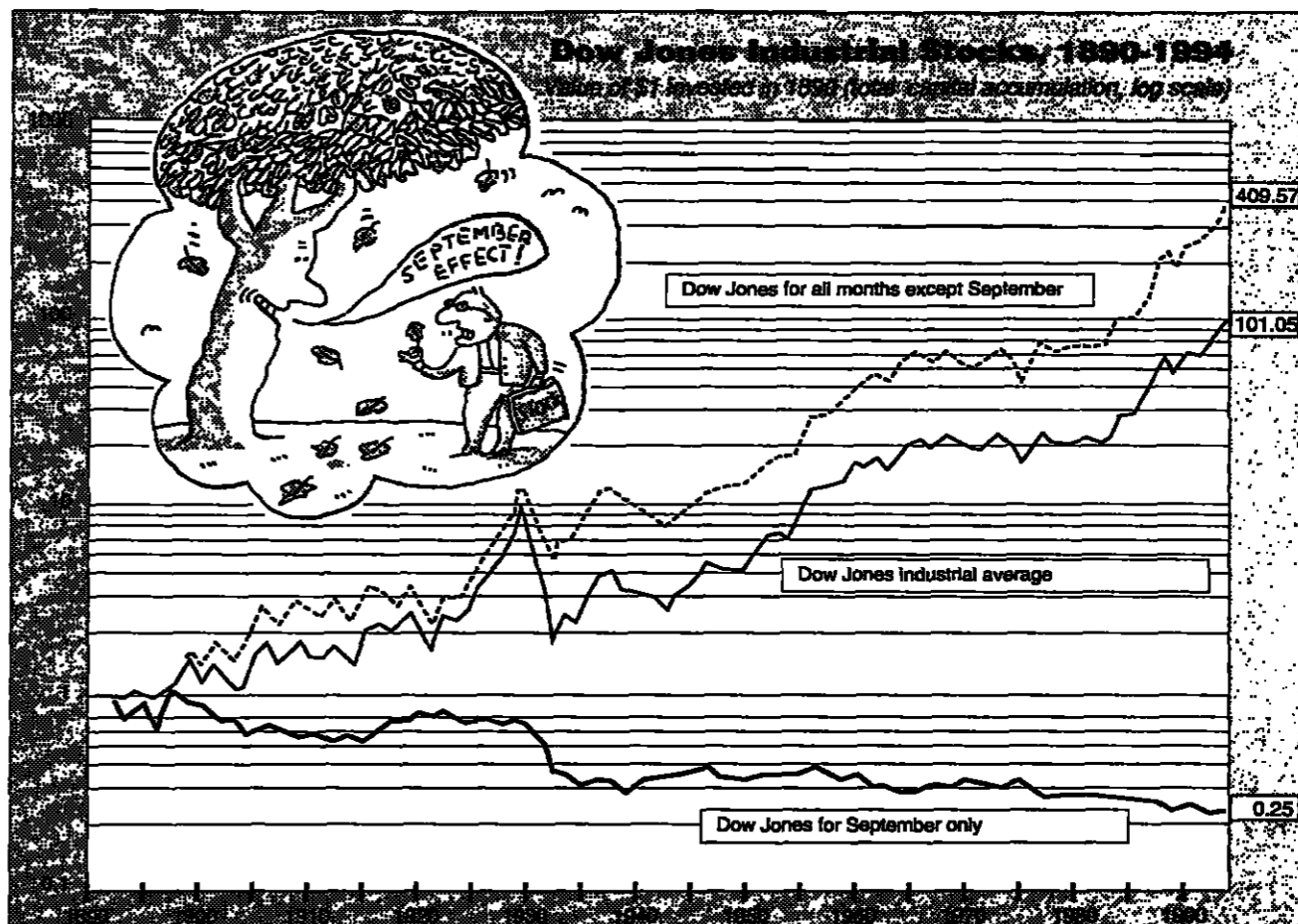
SIX. The professor's research confirms what many students of the market have long known, or at least suspected.

Investor Psychology

Page 21
Commodities cycles
The madness of crowds
Why Britain loves summer

In a study of its own, Ned Davis looked at rolling three-month periods since 1952 and found that December through February was the best time of the year to own U.S. stocks.

Investors think of smaller stocks as offering bigger risks, and therefore potentially bigger rewards — which may ex-



Drawing by Nicolas Aspin

INT

Now, though, the great dichotomy is not between small and big, but between companies that do business globally versus

Seasonal movements "are not predictable, but they do happen," Ms. Murphy said. Her statement reflects the fact that

So pretend you didn't read this.

You, Too, Can Be a Technical Analyst

By Aline Sullivan

Like Mr. Griffiths, many technical analysts are modest about their vocation. They stress that theirs is a more accessible approach to investing than the fundamentalist method because, while not everyone

Indeed, some analysts say the distinctions between the two are starting to blur. Fundamentalists, who argue that an astute stock-picker should be able to identify anomalies in investor behavior that can

These programs, they warn, could turn into big liabilities if the markets sour. However, Mr. Brookes said, "A good investor will know when it is time to get off the horse."

Why Investment Gurus Move Markets

By Digby Lerner

Mr. Soros' most celebrated coup was effectively to take a \$10 billion bet on the British pound being devalued back in the fall of 1992 — despite the British government's claims that there would be no devaluation. The Quantum Fund reputedly made \$1 billion when he was proved right and the pound fell.

In fact, Mr. Lynch warns investors to regard gurus with a skeptical eye and jokingly claims that professional investment is a contradiction in terms.

But as damaging as this appeared at the time for both the French economy and the stability of the European exchange-rate mechanism, or ERM, the franc made a swift recovery. "When it came down to it, the Bank of France had deeper pockets and more patience than the speculators," said Mr. Davey.

Although he admits to experiencing some "glee" when gurus fall from grace, Mr. Davey says they should not be taken too seriously. "There is a certain tendency to build people up just so they can be knocked down again," he says. "But when it comes down to it, nobody should place any real faith in gurus. Sensible investors keep pretty close to the consensus, standing just on one side or the other depending on how they feel the arguments pan out."

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I don't
do I
do I
don't I?"*

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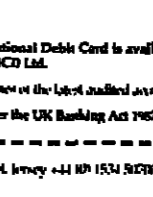
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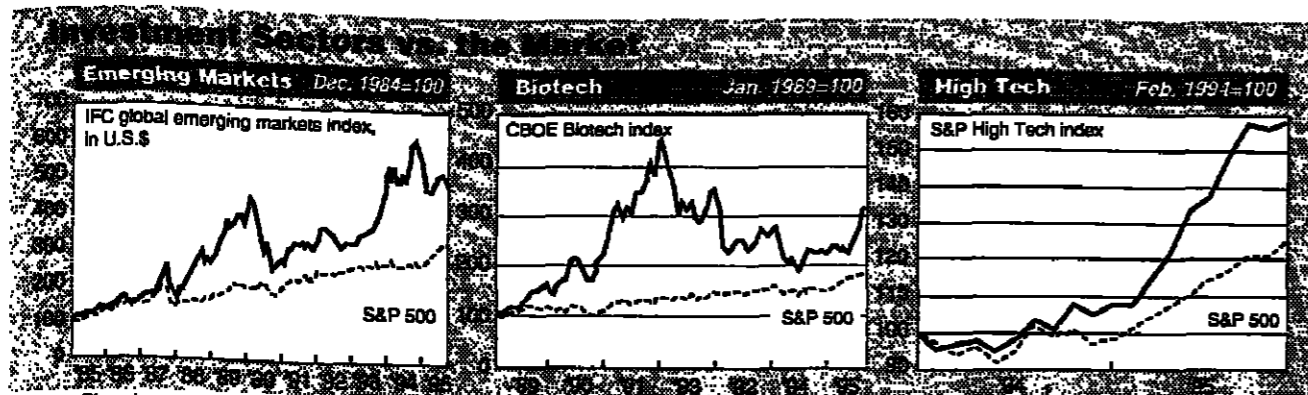
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THE MONEY REPORT



Bubbles, Manias and the Herd Instinct

By Iain Jenkins

SEVERAL people are sitting patiently in a doctor's office when an eighth person walks in. Without warning, the seven early arrivals start to take off their clothes.

What does the eighth person do? The answer, shown in university research projects, is that after a moment's hesitation the eighth person will also probably undress.

Psychologists believe that this behavior gives an insight into the way financial markets work. When people see others buying a stock or mutual fund, they follow suit. The result is what is known as a bubble, which many people believe may be happening in U.S. technology stocks today.

Understanding the psychological factors behind bubbles, or market manias, is increasingly seen as a respectable way of working out an investment strategy. It is used by George Soros, the dean of hedge-fund managers. And it may be more useful than reading stock brokerage research, relying on charts, reading company reports or turning to astrology.

Bubbles are a key feature of financial markets. One took place in Japanese stocks in the late 1980s, another in biotechnology in 1990 and 1991, and yet another in emerging markets from 1993 to 1994. Investors who spot them early can make a fortune. Those who get in too late lose money because all of these bubbles tend to burst.

Tony Frasier, chief executive of Singer & Friedlander investment management in London, says: "When people see prices starting to move, they think, 'I can get rich quickly here, too.' And they get in — providing they are nimble and get out before it crashes. Unfortunately, most people wait too long. Greed takes over."

Sectors suddenly become fashionable because they are in a new area with the prospects of rapid development.

The cycle goes like this: Small volumes of initial business are usually enough to send the market racing upwards. Other investors, seeing the profits and fearing that they are missing out, join the stampede. Then comes the crash.

Marc Faber, head of Marc Faber Securities in Hong Kong, says: "Once the crash takes place, the sector is finished for many years. You can tell people to buy gold at \$380 today and there is no interest. In 1980, they were buying at \$850."

Scientists like Ivo Welch, associate professor at the Anderson Graduate School of Management at the University of California at Los Angeles, says that when a so-called mania takes place, real information is being

Understanding why people flock to certain sectors can be a good way to work out an investment strategy.

ignored as the "herd instinct" takes over. People buy not because cash flow is good, or the debt-to-equity ratio is healthy, but because everyone else is buying.

"Once someone buys something, other people don't observe the information that persuaded the first person to buy. All they see is the action and they follow the action," Mr. Welch says.

He cites the example of an investor who doesn't like IBM stock. However, three friends have just bought IBM. The investor now has three positive pieces of information — the fact that his friends have bought for some reason — and one negative piece of information, his dislike of IBM. So what does the investor do? According to Mr. Welch, he probably buys.

Scientists have found evidence of the same behavior in the animal world. Studies on guppies illustrate that when one female guppy shows a sexual interest in a male, her attention attracts other female guppies. The result is that male guppies either get a lot of attention from females or none at all.

Biotechnology was the equivalent of a successful male guppy in 1990 and 1991, when it was a boom sector. Investors piled

in without much research. Then within a few weeks in early January 1992, biotechnology was transformed into the unsuccessful male guppy. It halved in value, and no investor worth his calculator would touch a biotech company.

Today biotechnology is back in fashion. Steven Bunting, director of Abingworth, a London firm that runs biotech funds, says: "There is no secret to making money in this area. All you have to do is buy when it is out of fashion and sell before the inevitable overshoot."

The key, then, appears to be spotting the moment when the fave sector is about to crash — in other words, market timing, one of the most delicate of investing strategies.

Robert Schiller, a professor at Yale University in New Haven, Connecticut, theorizes that the more a trend continues, the more people seem to expect it to continue. He suggests that a feeling of confidence that a trend is likely to continue may be a warning sign.

Mr. Schiller has been studying institutional expectations of a market crash since 1989 in the United States and Japan. "Our survey showed that at the end of 1989 investors thought that there was only a 14 percent chance of a crash, the lowest the figure has ever reached. In fact, the crash was just round the corner," he says.

So what is the next thing that is just around the corner?

Mr. Faber thinks it could be the crash of the emerging-market boom that began two years ago. As evidence, he cites Russia, a sector full of risks where shares are a bargain but buyers are few. "Everyone knows that Russian assets are cheap," he says. "So why haven't they moved?"

As with any boom, Mr. Faber says, investors will quickly lose their taste for emerging markets once one of those markets goes sour. "Like the boom in new issues, where all of them are successful except the last two or three," he says.

In the end, however, Mr. Faber, who has been following market bubbles and manias for years, strikes the ultimate contrarian note. The fact that everyone is looking for the next mania, he says, might mean that it won't happen at all.

Fear and Loathing in Commodities

By Conrad de Aenlle

EVERY year, the same drama is staged, starting the same cast of farmers and commodity speculators. And almost every year the players follow the same script: First they avidly buy corn and soybeans, and sometimes coffee, cotton and wheat. Then they sell, with the same fury, and then buy again, although less intensely.

Mother Nature may not be very predictable, but human nature doesn't change. Together, these two elements determine the prices of agricultural products, and students of the markets believe that the patterns produced are similar enough year after year that they allow profitable trades to be made consistently, in spite of — in fact, because of — the volatility.

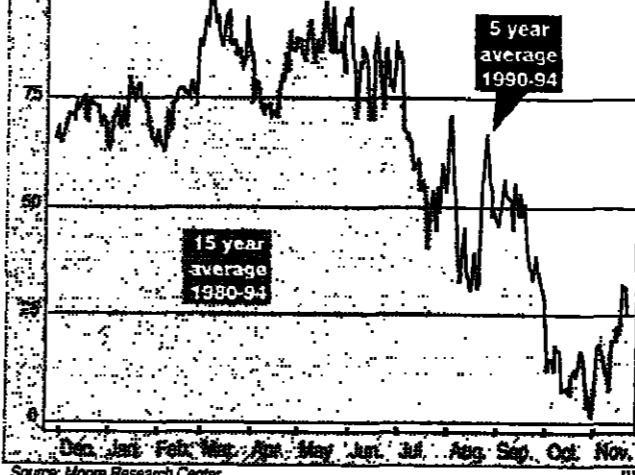
"There's always some fear" attached to commodities, observes Nick Colley, director of research for Moore Research Center, a commodities research and trading firm.

"It just seems that year after year, there is some nervousness that hits the markets in March, lasting often until June," says Bob Hafer, research director at the Commodity Research Bureau.

In corn and soybeans, for instance, the fear usually is that the weather is too cold and wet during planting, then during the growing season the emphasis

The Soybean Price Cycle

Price range in calendar year as % of maximum



shifts to anxiety that conditions are too hot and dry.

These concerns push prices higher, helped along by that other pillar of financial markets, greed. "Everyone remembers the one year in five when there was some kind of catastrophic event that drove prices higher," Mr. Colley says. Farmers "end up waiting for prices to go higher, but then it's too late."

Once the crop has been in the ground for a while, however, the prevailing belief changes: This year's output may be adequate, or even bountiful.

"All those fears begin to be put to rest and they get back to

the reality that the weather wasn't as bad as they had thought," Mr. Colley explains.

"The reality of the actual amount of product that is going to be harvested begins to make prices fall."

Once the size of the crop is known, prices tend to start rising again, but this seasonal rally typically is not as pronounced as the earlier one.

Other farm products have similar cycles, but at different times of year. Cotton, for instance, tends to make a low in July or August, then a second low in the last quarter of the year. Likewise, cattle prices, on which futures contracts are also

traded, tend to rise late in the year on uncertainty over how the winter calving season will turn out.

What is unusual about the seasonal patterns in these markets is that they happen even when many people expect them to — which, of course, is not the way markets are supposed to work.

Mr. Colley attributes the phenomenon, in part, to the particular demands of farm life. "When prices are going up, farmers are busy as hell" with planting and harvesting, he explains. "They don't have time to come in and play these markets." As a result, he says, more than 50 percent of farmers end up selling their crops at below the annual average price.

Commodities speculators generally do not have fields to plow or harvests to gather in, so they may be able to benefit more easily from seasonal patterns. But it is not as easy as it may seem at first.

"By and large, seasonals in some commodities are strong and some are weak," says Walter Spilka, a commodity analyst at Smith Barney. "It depends how you measure it in the first place. Some are reliable and some aren't."

Mr. Hafer adds that some markets may follow the script to the letter 90 percent of the time or more, but traders never know for sure when one of them will decide to improvise. "That's why every one of us isn't wealthy," he said.

BRIEFCASE

IRS Cuts Down On Paper Chase

The U.S. Internal Revenue Service rarely makes life simpler for taxpayers, but effective last Sunday, Oct. 1, it has come up with a big break.

If the amount is under \$75, U.S. taxpayers will no longer have to keep track of all those receipts for expenses on business travel, entertaining clients, or purchasing corporate gifts.

Until now, anything over \$25 had to be documented. Tax experts estimate that some two-thirds of business travel expenses are less than \$75.

But even if you're off the hook with the IRS, check with your company before you toss those receipts in the wastepaper basket. Some employers plan to continue their current policies of requiring receipts for all but the smallest amounts — just so they can keep tabs on employee spending.

Another Argument For Conservation

If you did much driving on your summer vacation, you're probably still reeling from gasoline prices. A report from ECA Windham, a New York

company that helps American expatriates relocate, may make you feel better — or worse — depending on where you traveled, or hang your hat permanently.

At a hefty \$5.35 a gallon on average, Japan is the most costly place to gas up, according to the 12-country survey. Italy is the priciest in western Europe, socking drivers an average \$4.23 a gallon, but not far behind is France at \$4.19 and Germany at \$4.04. Drivers in Britain get off easy by comparison, at \$3.38 a gallon.

But if you think there's no place like the U.S.A. for cheap

gas — currently about \$1.44 a gallon, according to Windham — think again. Thailand comes in at \$1.40, which is cold comfort if you're stuck in one of Bangkok's notorious traffic jams.

And for rock-bottom prices, you'll have to do your driving in Saudi Arabia — at 35 cents a gallon.

The Money Report
is edited by
Martin Baker

Why Summer Is Good for U.K. Stocks

By Barbara Wall

AN English adage warns investors to "sell in May, don't come back till St. Ledger's Day" — which, in the English horse racing calendar, falls in September.

Summer is supposed to be a dreary time for stocks. However, historical data paint an altogether different picture of stock market price trends during this period.

David Schwartz, statistician and author of the Schwartz Stock Market Handbook, argues that if investors followed the St. Ledger adage they would miss out on August, one of the best months for the U.K. stock market.

He notes that between 1919 and 1994, August prices on the Financial Times 30 index rose 64 percent of the time, adding that prices were especially likely to climb if shares had been rising strongly in the 12 previous months.

The August price trend may also provide insight into where prices are heading in the five months to follow. According to Mr. Schwartz's research, an August price rise of 3.57 percent to 10.44 percent is a clear signal that prices will rise even higher through the end of January.

Out of 24 times with a price shift within this range, prices rose in the next five months 23 times," he said. "The single exception was 1929."

There seems to be no clear explanation as to why August is a good month to invest in U.K. stocks.

"There may be less bad news hitting the market at these times and consequently less pressure to sell with more of a bias on

buying," suggests Mr. Schwartz. "As trading volumes are generally down in the summer months, it takes less money to move the market. These factors combined could drive up share prices."

Brian O'Neill, an international fund manager with Gartmore Investments in Britain, believes that a new trading pattern has emerged which has influenced market activity.

"There are two main peak periods for investing: the end of the year and the end of the first quarter," he said. "In the past couple of decades, investors have begun to recognize a third period: the late summer rally. It could be that some investors are buying into the market early so as not to miss this."

While number crunching and graph plotting is an interesting and often illuminating academic exercise, few equity strategists set much store by historical price anomalies.

"The problem is that the trends work in some years and not in others," Paul Walton, an equities strategist with Goldman, Sachs & Co., said.

"May has a reputation for being a terrible month to invest. But if investors decided to follow historical price patterns and sell their U.K. shares at the beginning of May 1995, they

would have been very disappointed as the market moved up several percentage points during that month."

Path Rozan, a strategist with Salomon Brothers in Britain, believes it is more instructive to analyze why one equity class is more likely to outperform another equity class at a given point in the economic cycle, rather than concentrating on seasonal trends.

This involves looking at the effects of interest-rate movements, valuations and economic growth patterns on the three defensive stocks and financials.

There are some stocks that are considered more likely than others to outperform or underperform according to the season. For instance, Mr. O'Neill said, "It is natural to assume that certain consumption stocks such as brewers and ice cream manufacturers should do well during a long hot summer."

He added, however, that investors need to look at the bigger picture: "If the stock is fairly priced and the good news has already been included in the valuation, the share price may not be that heavily influenced by favorable weather conditions. If, on the other hand, the

stock is undervalued, a particularly hot summer might just change people's perception of the stock and drive the share price up in the short term."

But perhaps the greatest problem with basing decisions on past probabilities is that history can cut both ways. "The long-term historical odds favor further price rises in the U.K. market in the final four months of 1995," Mr. Schwartz said. "However, the very same long-term historical odds suggest 1996 will be a loser for U.K. stock market investors."

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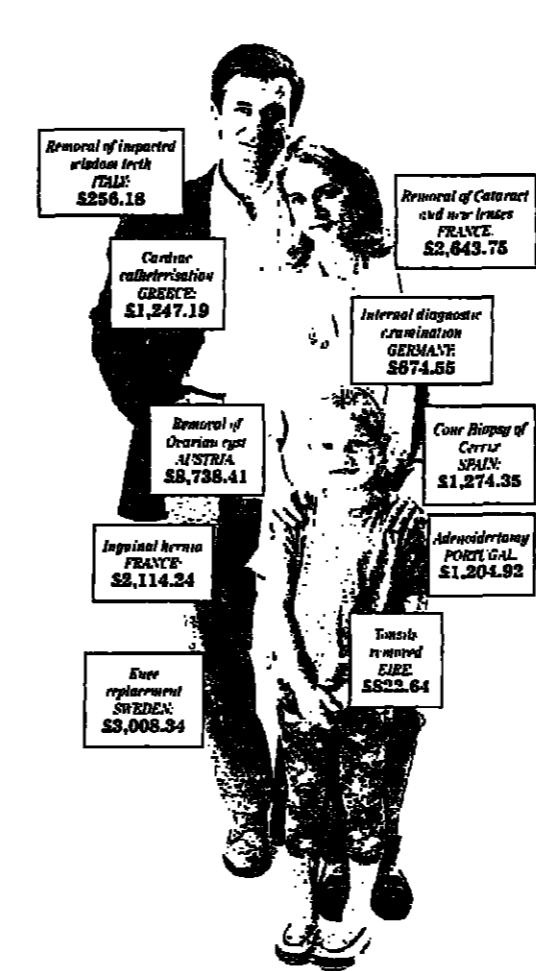
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SPORTS

Unlucky Packers: After Loss to Redskins, Cowboys Are Not Amused

New York Times Service

PACKERS (3-1) at COWBOYS (4-1): Key stats: Packers quarterback Brett Favre is completing 68.9 percent of his passes on third down and is averaging 9.93 yards per attempt. Of the 10 touchdowns the Cowboys' defense has given up, nine have been on passes.

Comment: Last year, the Cowboys used a third string quarterback to defeat Green Bay in a shootout. Dallas will go with Wade Wilson this time because Troy Aikman is doubtful with a strained calf muscle. The Cowboys are coming off a loss at Washington. Odds makers favor the Cowboys by 7 points.

JETS (1-4) at BILLS (3-1): Key stats: The Buffalo defense has allowed just three touchdowns on the 13 trips by opponents inside its 20-yard line. Jets' defense has 18 sacks, the most in the AFC.

Comment: The Bills wanted to make a point about rumors of their demise. They did it Monday night with a last-second victory over Cleveland. The Jets are in the same position in this game. Bills by 9.

PANTHERS (0-4) at BEARS (2-2): Key stats: The Panthers have not allowed a 100-yard rusher or a 300-yard passer this season. Bears quarterback Erik Kramer has thrown 92 passes without an interception.

Comment: Kerry Collins, the Panthers' rookie quarterback, made his first start last week and didn't do badly. He threw a touchdown and an interception in a loss to Tampa Bay. The Bears' pass rush might be a little bit more tenacious than the Bucs', and Collins might be in for rougher treatment. Jim

Flanagan has 4.5 sacks and Alonzo Spellman has 3.5. It's the kind of pressure that can rattle a young quarterback into many mistakes — enough errors to pave the way for a Bears victory. Bears by 13.

BENGALS (2-3) at BUCCANEERS (3-2): Key stats: Of the 34 receptions by Bengals' Carl Pickens, 12 have come on third down (plus for an average 12.4 yards per catch). Tampa Bay's Ernie Rhee has rushed for a touchdown in 11 of his last 13 games.

Comment: Sam Wyche will coach against his former team for the first time since he was fired in 1991. It might not be a very pleasant experience. Jeff Blake signed a new multimillion contract this week, and he'll be feeling fine for this game. Bucs by 3.

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NFL MATCHUPS

Quarterback Neil O'Donnell went back to work this week, after missing the last four games with a broken pinky finger on his right hand. Steelers by 11.

REDSKINS (2-3) at EAGLES (2-3): Key stats: Washington's Terry Allen is the second-leading rusher in the NFC with 461 yards on 108 carries. Philadelphia's Kelvin Martin's average of 14.1 yards per punt return leads the NFC.

Comment: Neither team has the quarterback with which it started the season. But it looks as if the backups are doing just fine. Gus Frerotte has been wonderful for the Redskins, and Rodney Peete seems to have a good grasp of the Eagles' new offense. Eagles by 3.

CARDINALS (1-4) at GIANTS (1-4): Key stats: The Cardinals' defense is giving up 5.7 yards per carry (5.42 on first down). The average drive for

Giants' opponents starts at the 31-yard line. **Comment:** The Giants will have to go without running back Rodney Hampton, who has a broken hand. Rookie Tyrone Wheatley will get his first start. The Giants have won 10 of the last 11 games at Giants Stadium against the Cards. Giants by 4.

BROWNS (3-2) at LIONS (1-3): Key stats: Only two of Cleveland quarterback Vinny Testaverde's 12 touchdown passes have come in the fourth quarter. Detroit running back Barry Sanders is averaging just 78.5 yards per game.

Comment: The Browns are coming off a stinging loss to Buffalo on Monday night, and the Lions are coming off a bye week and a thrilling victory over San Francisco. Browns by 3.

COLTS (2-2) at DOLPHINS (4-0): Key stats: The Colts' defense has been decided by six or fewer points, and they're 4-2 in those games. The Dolphins' defense is holding opponents to 85 yards rushing a game, No. 2 in the AFC.

Comment: Marshall Faulk broke out of a slump of last week with 177 yards rushing against the Rams, while the Colts' defense completely shut off St. Louis' rushing attack, limiting them to 37 yards. Faulk won't be able to run free against the Dolphins the way he did against the Rams. The Colts should be concerned with Dan Marino, who threw for 450 yards last week. Dolphins by 10.

SEAHAWKS (2-2) at RAIDERS (4-1): Key stats: The Raiders lead the NFL in points scored with 149 and have scored 40 or more points in two straight games.

Comment: Raiders quarterback Jeff Hostetler is guiding one of the league's most effective offenses, in terms of scoring inside the opponent's 20-yard line. On the 20 trips inside the red zone, the Raiders have scored 13 TDs and seven field goals. Those numbers match what the Cowboys are doing, and they're considered a Super Bowl contender. Raiders by 9 1/2.

BRONCOS (2-3) at PATRIOTS (1-3): Key stats: Denver quarterback John Elway is 6-0 versus New England in his 13-year career. New England quarterback Drew Bledsoe has attempted 149 passes but has not thrown a touchdown pass.

Comment: The Patriots are in a serious nosedive. If they don't pull up soon, their season will be in shambles. Bledsoe could come back this week from a shoulder injury. Three of Denver's starting line-backers are out with injuries. Patriots by 2.

CHARGERS (3-2) at CHIEFS (4-1): Key stats: Chargers' defense has not allowed a 100-yard rusher in 35 straight games (including playoffs). The Chiefs' average drive starts at their 31, best in the AFC.

Comment: Winner gets to stay close to Oakland. Loser comes back later in the season to haunt everyone else in the AFC West. Both these teams have capable offenses and solid defenses, although the Chargers' defense was stung by the Steelers last week. The difference might come in the big-play department. Chiefs' quarterback Steve Bono has 32 edge in that department. Chiefs by 3 1/2.

These National Football League matchups were written by Timothy W. Smith of The New York Times. Odds were provided by Harrah's.

SIDELINES

Ex-East Star Is Top German Player

HENNEF, Germany (Reuters) — Matthias Sammer, whose soccer career nearly ended when he was caught drinking with a Western coach in former East Germany, beat World Cup star Jürgen Klinsmann to the most prestigious award in the German game on Friday.

The Borussia Dortmund and national team sweeper, who got into trouble with Communist GDR authorities after taking a beer with a Bundesliga trainer, was named German player of the year after a close poll by the Bayern Munich striker.

Sammer, 28, became the first former East German player to win the title, which is decided by a poll of German sports journalists, since the fall of the Berlin Wall in 1989.

Claydon Leads German Golf by One

MOTZEN, Germany (Combined Dispatches) — Russell Claydon of England shot a course record 11-under-par 61 and took a one-stroke lead Friday after the second round of the German Masters golf tournament.

Claydon also was the first person to tee off, taking advantage of unimpeded fairways and windless weather to finish with a two-day total of 17 under 127. Sweden's Anders Forsbrand shot an 8-under 64 to put him one stroke ahead of compatriot Per-Ulrik Johansson, whose 66 left him at 14-under 130. Another Swede, Fredrik Lindgren, followed at 131.

Carl Paulson, 24, a PGA Tour rookie, shot a 10-under-par 62 to take a two-stroke lead in the Walt Disney World golf tournament in Lake Buena Vista, Florida. (AP, Reuters)

Australian Rugby Coach Is Fired

SYDNEY (AP) — Bob Dwyer was fired Friday after coaching the Australian rugby union team for the past eight years and was replaced by Greg Smith, coach of the New South Wales team.

Smith beat Dwyer, who led the Wallabies to the World Cup title in 1991, Queensland coach John Connolly and Gordon club coach Chris Hawkins in a secret ballot for the coaching position. Smith was elected by 14 delegates of the Australian Rugby Football Union. He will step down as coach of the powerful New South Wales team, with Hawkins favored to take over that role.

Smith, 45, has coached New South Wales for the last three seasons and has a 20-9-1 record. Dwyer was Wallaby coach for a total of 10 seasons — from 1982-83 and again from 1988 — but lost the job after Australia failed to progress past the quarterfinals of this year's World Cup in South Africa.

Australia is the odds-on favorite to win the Rugby League World Cup, which begins Saturday, with the Kangaroos given the nod to beat England in the opening game at Wembley Stadium. Australia is rated 1 to 3 to win the World Cup, with England rated at 10 to 3 by the London bookmakers Ladbrokes. New Zealand is listed at 5 to 1, followed by Wales at 25 to 1 and Western Samoa at 40 to 1.



Scottie Pippen, left, and Michael Jordan said they welcomed "Bad Boy" Dennis Rodman's on-court abilities.

2 Bulls' Muted Welcome for Rodman

CHICAGO — Michael Jordan refuses to think of Dennis Rodman as a funky-haired, tattooed time bomb. Scottie Pippen's not as sure.

The Chicago Bulls' two most important players officially welcomed their new teammate Thursday — Jordan with open arms, Pippen with crossed fingers.

"Everybody's condemning this man before he even steps onto the court," Jordan said of Rodman, who spent most of the last two seasons getting into off-the-court trouble and pulling on the-court antics with the San Antonio Spurs.

"I believe in giving the guy an opportunity to prove himself," Jordan said. "Maybe he's a changed guy. Maybe he understands things better than you think he does. I'm going into this situation with an open mind and not looking for a time bomb to burst."

Pippen's endorsement — sought by General Manager Jerry Krause and Coach Phil Jackson — was less enthusiastic. "When I was asked about it, I said, 'If he's willing and ready to play, it'd be great. But if he's going to be a negative to us, then I don't think we need that because we would be taking a big step backward,'" Pippen said. "I think we

went out and got a good player. Hopefully, we can stay together as a team."

Pippen's memory of Rodman's style is clear. Pippen still has a scar on his chin, the result of a vicious shove in the back from Rodman — then the baddest of the Detroit Pistons' infamous Bad Boys — in the 1991 playoffs.

"I've pretty much put it all behind me, and I realize that we're now teammates," Pippen said, unconvinced. "Has he had any meaningful conversations with Rodman since?" "No," Pippen replied. "and I probably never will."

SCOREBOARD

BASEBALL

Japanese Leagues

| Central League | W | L | T | Pct | GB |
|----------------|----|----|---|------|--------|
| Yokohama | 81 | 47 | 0 | .633 | — |
| Hiroshima | 72 | 55 | 1 | .567 | 8 1/2 |
| Yokohama | 72 | 57 | 1 | .558 | 9 1/2 |
| Yokohama | 64 | 62 | 0 | .500 | 16 |
| Chunichi | 48 | 79 | 0 | .379 | 32 1/2 |
| Hanshin | 45 | 82 | 0 | .354 | 35 1/2 |

Friday's Results

Yokohama 4, Hiroshima 2

Chunichi 2, Hanshin 1

Yokohama 4, Hanshin 3

Pacific League

| | | |
|------------|----|----|
| Seibu | 67 | 57 |
| Nippon Ham | 59 | 68 |
| Daito | 54 | 72 |
| Kintetsu | 49 | 78 |
| Yokohama | | |

Friday's Result

Seibu 6, Kiashi 0

SOCCER

SPANISH FIRST DIVISION

Atletico de Madrid 2, Espanyol 1

Standings: Atletico Madrid, 16 points; Espanyol, 15; Barcelona, 14; Compostela, 13; Betis, 12; Athletic Bilbao, 11; Deportivo La Coruna, Valencia and Zaragoza, 10; Sporting Gijon and Alavés, 9; Tenerife, 8; Real Sociedad and Oviedo, 7; Real Madrid, Valladolid, Sevilla and Celta, 6; Racing Santander, 4; Merida and Rayo Vallecano, 3; Salamanca, 2.

DUTCH FIRST DIVISION

Feyenoord Rotterdam 4, Groningen 1

Standings: Ajax Amsterdam, 24 points; PSV Eindhoven, 19; Willem II Tilburg, 12; Feyenoord Rotterdam and Groningen, 11; RBC Waalwijk, 10; Heerenveen, 12; Sparta Rotterdam, 11; NAC Breda and Twente Enschede, 9; Roda JC Kerkrade, Vitesse Arnhem, Utrecht and Fortuna Sittard, 8; NEC Nijmegen, 7; De Graafschap Doornik, Go Ahead Eagles Deventer and Volendam, 5.

EUROPEAN INDOOR TOURNAMENT

Italy 7-5, 6-4; Mark Philippoussis, Australia, def. Paul Hearn, Netherlands, 6-1, 6-2; Marcello Riva, Chile, def. Jacca Ellinger, Netherlands, 7-5, 6-4; Cristiano Caratti, Italy, def. Richard Knapik, Netherlands, 6-2, 6-4.

TOULOUSE GRAND PRIX

Staples, Quarterfinals

Cedric Pflieger, France, def. Daniel Vocak, Czech Republic, 6-4, 6-2; Marc Rosset (2), Switzerland, def. Jared Palmer, U.S., 7-6, 7-5, 6-3.

EUROPEAN INDOOR TOURNAMENT

Staples, Quarterfinals

Ivo Muetzel (7), Croatia, def. Jana Novotna (1), Czech Republic, 7-6 (7-4), 3-6, 6-3; Marius De

TRANSITIONS

BASEBALL

American League

KANSAS CITY — Extended contract of Bob Boone, manager, through 1997 season.

MINNESOTA — Retained Dick Surk, pitching coach, Rick Steffen, bullpen coach and Terry Crowley, hitting coach. Announced Ron Gaudin will return as 1st base coach and Jerry White, 1st base coach, will be reassigned to minor leagues.

National League

MONTREAL — Designated B.J. Wallace, pitcher, for assignment.

BASKETBALL

National Basketball Association

ATLANTA — Signed Sherry Augmon, guard, to 5-year contract, and Tracy Brown and Matt Bullard, forwards.

CHICAGO — Signed Luc Longley, center, to 3-year contract, and Randy Brown, guard, to 2-year contract, and George McCoud, forward, to 1-year contract.

DETROIT — Signed Lou Roe and Don Reid, forwards.

HOUSTON — Signed Ricky Barton, Tremaine Weathers and Alvin Hogg, forwards, and Tony Walker, guard.

L.A. LAKERS — Re-signed Anthony Miller, forward.

MIAMI — Signed Kurt Thomas, forward, to 5-year contract.

MINNESOTA — Signed Doug West, guard, forward, to 5-year contract.

NEW YORK — Signed Ted Allen, Jamal Faulkner and John Starks, forwards; Greg Butler, center; and Herman Alston and Jean Pierreau, guards.

ORLANDO — Re-signed Dennis Scott, forward, and Brian Shaw, guard, signed David Vaughn, forward.

TORONTO — Signed Damon Stoudamire, guard, to 3-year contract.

FOOTBALL

National Football League

ARIZONA — Put Kwame Lassiter, cornerback, on injured reserve. Signed Andre Waters, defensive back.

DETROIT — Announced retirement of Anthony Carter, wide receiver.

HOCKEY

National Hockey League

BUFFALO — Signed Wayne Primeaux, forward, to multiyear contract and Randy Burdick, forward, to 1-year contract. Sent Robb Stauber, goalie, to Rochester, AHL. Waived Grant Jennings, defenseman.

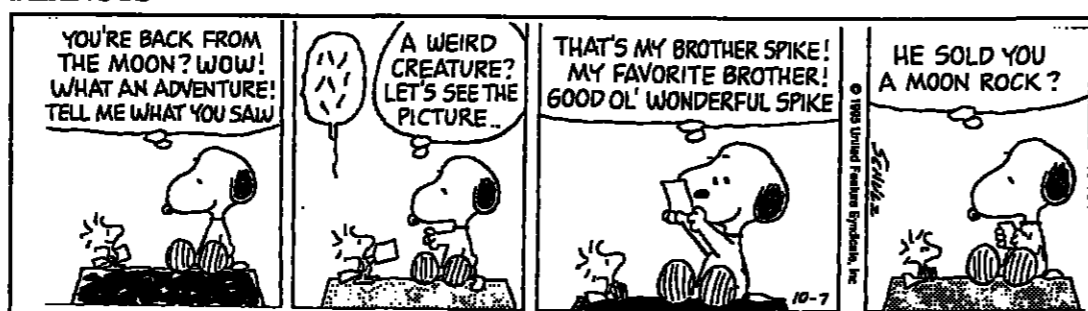
COLORADO — Traded Steve Finn, defenseman, to Tampa for 1997 4th-round draft pick. Sent Alexei Gusev and Janne Laukkanen, defensemen, and Aaron Miller, right wing, to Carolina, AHL.

FLORIDA — Reassigned Jason Poddar, right wing, to Spokane, WHL. Brett Horsten, left wing, to Carolina, AHL, and Randy Moller, defenseman, to Cincinnati, IHL.

DENNIS THE MENACE



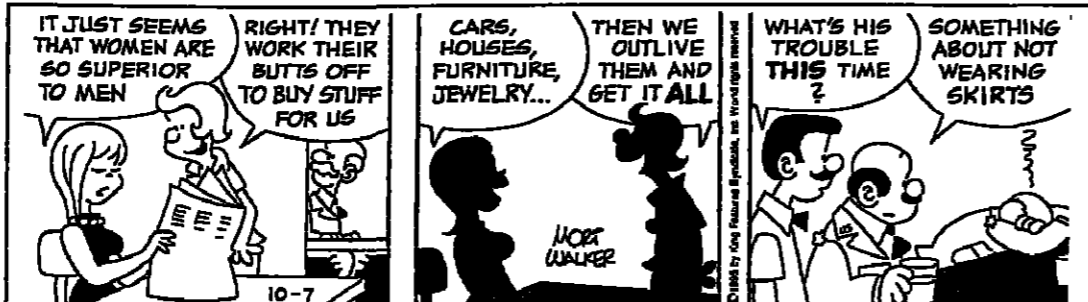
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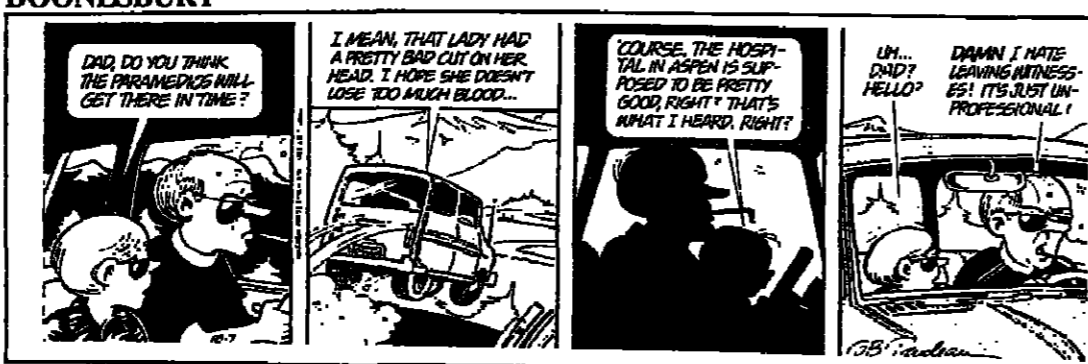
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Graf Faces Questions On Taxes

The Associated Press
FRANKFURT — The German tennis star Steffi Graf, who is under investigation for tax evasion, has been questioned by the state prosecutor's office for eight hours.

It was the first time that Graf has been questioned in the case since her father and manager, Peter Graf, was arrested in August for allegedly failing to report an estimated \$35.2 million of his daughter's earnings.

A state prosecutor, Peter Wachung, said Steffi Graf had been questioned on Thursday in Mannheim and had been accompanied by her Berlin-based lawyer, Peter Danckert.

He confirmed on Friday, however, that prosecutors still saw no reason to issue a warrant for the arrest of the world's No. 1 women's player.

He said he expected the investigation to last at least until the end of the year.

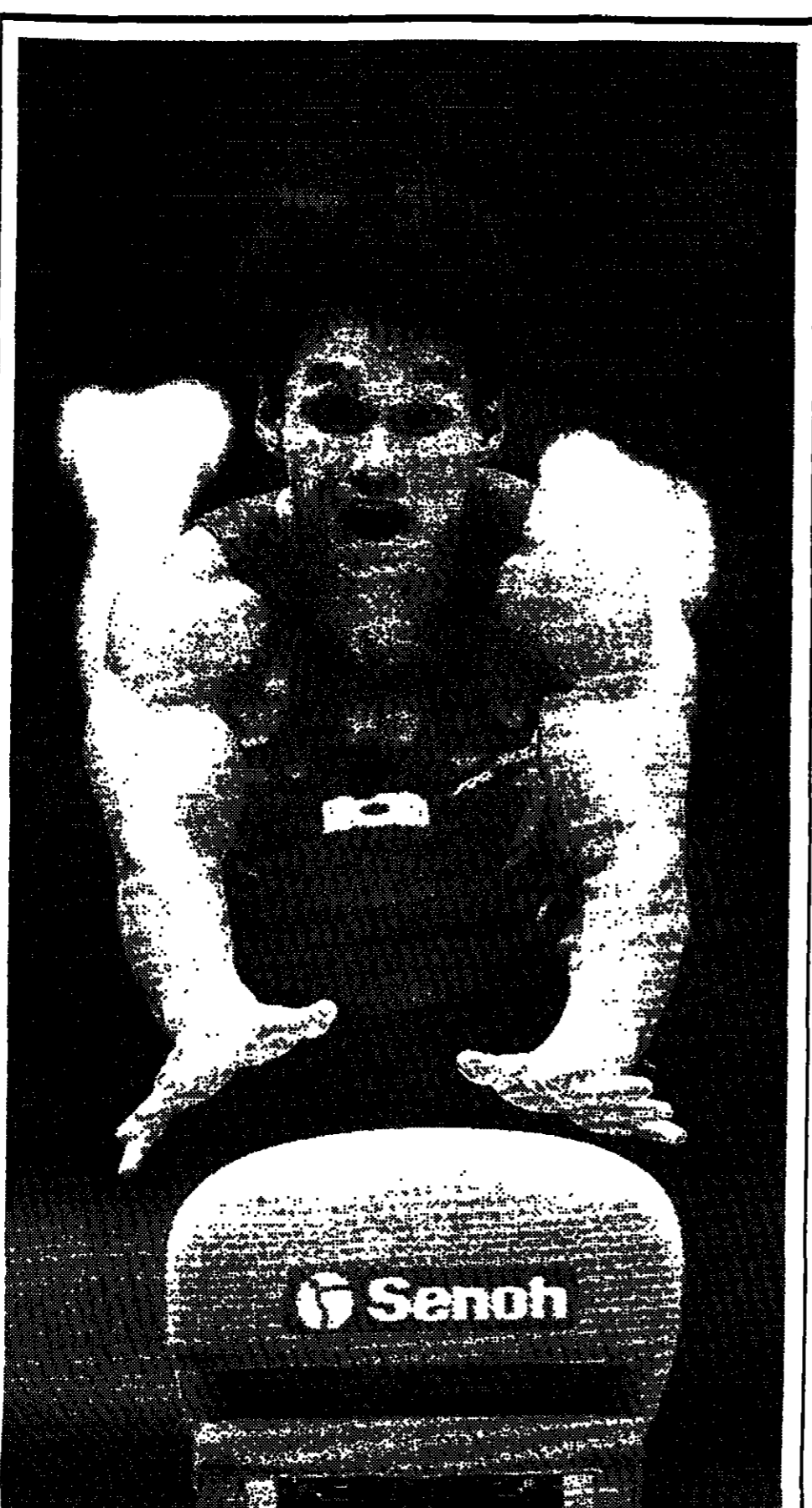
The Hamburg-based weekly magazine Stern said in its Thursday editions that new evidence had been uncovered that showed that the Grafs had been allowed to write off \$700,000 in legal and other advisory fees after an affair Peter Graf had with a photo model became public in 1992.

An attorney for Steffi Graf, Harald Schaumburg, recommended that his client write off the costs, which were incurred trying to save her reputation in the scandal, the magazine reported.

The magazine said the information was contained in records at the Baden-Württemberg state tax offices in Schwetzingen, near Graf's hometown of Brühl, where discussions over the deduction with tax officials were held in 1993.

Peter Graf remains in jail after a court last month refused his appeal to be released on bail. His attorney had offered to post \$10.3 million in bail.

Meanwhile, opposition members of the Baden-Württemberg state parliament have called for an investigative committee to examine allegations that the state's finance minister and tax authorities gave the Grafs preferential treatment because of Steffi Graf's status as an international tennis superstar.



WORLDLY VAULT — Japan's Toshiharu Sato performing Friday at the world gymnastics championships in Sabae, Japan. His team won the silver medal, behind gold-medalist China. Romania and Ukraine tied for third, sharing the bronze.

Who's Down and Out in Playoffs?

Shell-Shocked Mariners Win or Lose, 2 Managers Hope Yankees Cool Off May Soon Be Out of Jobs

By William Gildea
Washington Post Service

NEW YORK — "We're down but not out, down but not out," said Manager Lou Piniella, acting calmly as he tried to keep his Seattle Mariners' ship afloat. Hurricane Opal may be the better-known storm, but the Mariners have been rocked by a storm of a different sort in the Bronx: a team overwhelming everything in its path.

The New York Yankees have won 13 of their last 14 games, most importantly their last two to gain a commanding lead in their best-of-five first-round playoff series with the Mariners.

In a crucial, tense Game 2 that could have gone either way several times, the Yankees prevailed, 7-5, in the longest American League playoff game — both in time and innings. It took 5 hours 13 minutes and 15 innings before Jim Leyritz separated the teams with a two-run homer off Tim Lincecum.

Ken Griffey Jr. had hit his third home run of the series to give the Mariners a 5-4 lead in the 12th, but that apparent game-winner failed to stand up when Ruben Sierra tied the score with a two-out double on which the potential winning run was thrown out at home.

"It's the most exciting game I've played in," said Leyritz, who gained revenge after being hit in the face by the Mariners' Randy Johnson on May 31 and being hit by reliever Bill Rife in the sixth inning, one batter after Sierra and Don Mattingly hit back-to-back homers. Leyritz appeared happy and tired rather than angry at the Mariners.

"It was a great baseball game," said Piniella. "You've got to give the Yankees credit."

But the Mariners were not ready to concede the series.

"We'll be home on Friday," said Griffey, who could take no joy from his AL playoff-record-tying three home runs. Kingdome fans will be roaring just as Yankees fans did for two games — although they're not expected to be as unruly as the Yankee Stadium faithful in the Bronx, who threw debris on the field at the Mariners and periodically ran onto the field to celebrate.

"Our fans have been great, especially of late," said Seattle's Tino Martinez. In the friendly, but often maligned

confines of the Kingdome this season, the Mariners beat the Yankees in six of seven games.

Piniella confirmed that the left-handed, flame-throwing Johnson would be on the mound for Game 3. It will be the second time this week he's pitched on three days' rest, having overwhelmed California on Monday in their AL West playoff game. As Piniella said: "People say the distance between the mound and the plate is closer at the Kingdome, and that the place is dark. It seems that way when you're battling against Randy Johnson."

Finally, the Mariners know something about comebacks. A season-high 13 games back on Aug. 2, they staged the third-best comeback in major league history and the biggest in 17 years. Piniella and the 1978 Yankees were 14 games behind Boston on July 19, and the 1951 New York Giants were 13 1/2 games behind Brooklyn on Aug. 11.

Johnson and the Seattle fans — especially Johnson — make the Mariners a favorite at least to keep the series going another game.

Jack McDowell will pitch for the Yankees for the first time in two weeks after hurting his back. Yankees Manager Buck Showalter professed not to be concerned. "Jack is chomping at the bit to get out there," he said.

Piniella had hoped to win Game 2, use Belcher as his Game 3 starter and win that and have a more rested Johnson close out the Yankees in Game 4. His plans didn't work out against a team that's hot, gritty and riding along on a lot of emotion.

For two nights the wild-card Yankees have resembled the great Yankees teams of October past.

The club has stirred emotions, trotting out Joe DiMaggio and Phil Rizzuto to throw out ceremonial first pitches and keeping the outfield video board rolling with action scenes of the likes of Mickey Mantle, Reggie Jackson and Thurman Munson.

"It's New York — playoff baseball in New York," the Mariners' Martinez said, with due respect. "I've never seen anything like it."

Leyritz' homer recalled another fabled playoff in New York history. From the reception he got at home plate, you would have thought he was Bobby Thomson.

By Tom Friend
New York Times Service

LOS ANGELES — A cigar was lit, a beer was half full, and a playoff series was two-thirds of the way down his pocket. Davey Johnson would prefer a World Series on his way out the door.

Across the corridor, a stove was lit, a plate of veal was half-eaten and a playoff series was two-thirds of the way down the drain. Tommy Lasorda would prefer a World Series on his way out the door.

So, there could be a loser and a loser in this Red Sox-Dodgers divisional playoff series. Johnson's owner will dismiss him and Lasorda's owner might retire him — no matter what happens this weekend.

"That's life," said Johnson, the Cincinnati manager.

His Reds won by a mile in Game 1 and by an error in Game 2. Now they will play host to every remaining inning of this three-of-five-game divisional series. Johnson deserves credit for reawakening the fans of Reggie Sanders and Ron Gant and for reworking a paltry bullpen. But his owner, Marge Schott, has already handpicked his successor.

Ray Knight, the affable former broadcaster who is friendly with Schott's pet St. Bernard, will seize Johnson's desk over the winter in what would appear to be an unnecessary transition.

Johnson's only egregious act, according to Reds employees, was his decision to live with his girlfriend last year out of wedlock. He has since married her, but the conservative Schott had already branded him as an outgoing manager.

"They told me I wasn't coming back," Johnson said late Wednesday night. "In January, it was put very plain to me. But I didn't want everyone to get the idea I was some evil source. So, I told the G.M., 'Please get me another job in the organization so no one thinks I'm totally brutal.' Just a job I can do from Florida so everyone wouldn't think even though I won my division the last two years I'm not some Darth Vader."

So, Reds General Manager Jim Bowden, for appearances, convinced Schott to slip Johnson into an irrelevant front-office job — although other clubs likely will be lining up at his condominium to hire him as a manager first.

"I wouldn't look good chewing tobacco in the front office, anyway," Johnson said.

He is attractive to other clubs because he could handle Dwight Gooden and Darryl Strawberry with the Mets in the 1990s and apparently has not lost his touch.

Late this season, for instance, Reds outfielders Sanders and Gant were both afflicted by head games. Each was on the verge of a 30-30 season (30 homers, 30 stolen bases), but they began swinging for the moon and failing.

Johnson called them in and settled their nerves, and it was Sanders who — after shortstop Chad Fournier's foolish two-out throwing error Wednesday night — homered to the deepest portion of center field.

"Is there any scenario I'll be back?" Johnson asked. "No. Even if we win the World Series? No, it's kind of cut and dried. But I'm happy for Ray. It'll be a good ballclub next spring, probably as strong a club coming into the season as I've ever had."

Lasorda's club, meanwhile, is just as loaded, and that is precisely the problem.

The Dodgers — with all of their exquisite talent — barely won the National League West, are underachieving in these playoffs and have only Hideo Nomo (who starts Friday night) between them and a Cincinnati sweep.

Lasorda is 68, cameras have caught him napping in the dugout twice this season, and owner Peter O'Malley has yet to draw up a new contract for him.

What is more, his daughter, Laura, this week gave birth to his first grandchild, and some in the organization believe it is finally time he learned to change diapers.

"The only guy who's going to decide whether I'm coming back or not is one man," Lasorda said. "And that man's name is Peter O'Malley."

"If he wants me back, I would be more than honored. If he doesn't, I'll say, 'Thanks for the memories.'"

Lasorda was named Dodger manager at the end of the 1976 season. He is now the longest-serving active major-league manager with the same team.

O'Malley is quiet for now, but losing Lasorda would mean no more late-night pasta dinners and no more prayers to the "Big Dodger in the sky."

"He's been a fixture here for so many years," center fielder Brett Butler said. "No more Tommy? It'd be like part of the building falling off."

THREESOMES By Nancy Nicholson Joline

- ACROSS**
- 1 Abraham's
 - 8 Some
 - 15 Compel
 - 22 First name in the ring
 - 23 Where drinks are not a treat
 - 24 Trays
 - 25 Random
 - 27 Comedic
 - 28 As originally positioned
 - 29 Polynesian
 - 30 "Darlin'" (1959 song)
 - 31 Realize
 - 32 Telecom giant
 - 33 Spanish things
 - 35 Red, white and blue team
 - 37 Cape for chaps
 - 39 Composer
 - 40 Bad luck
 - 45 Clint's "In the Line of Fire" co-star
 - 46 Assist

- 47 60's fashion
- 48 Year in Trajan's reign
- 49 El —
- 51 Justice chief
- 52 Dwarfed tree
- 54 Sports page abbr.
- 56 Bizarre
- 60 Renaissance
- 62 Shakespearean
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- 68 Absolute worst
- 70 Verbally
- 71 Bass attachment
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- 76 Item in a chest
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- 78 Yuletide
- 82 Literary
- 84 Gallery features
- 85 Flooding
- 86 Kind of abusive
- 88 C.R.F.'s Veep
- 89 Rose fancier
- 91 Grown-up elver
- 92 Horne and Olin

- 93 Rabbit's tail
- 95 Spook group
- 96 Old TV
- 101 Kind of room
- 103 Attempts
- 104 80's-70's record label
- 105 Street shades
- 108 A Karamazov
- 109 Jumper
- 113 Kind of bag
- 115 Dog command
- 116 Napa Valley sight
- 117 "Sighted sub, sank"
- 120 Deli threesome
- 125 Barbra's "A Star Is Born" co-star
- 126 Attacks
- 127 Hymn word
- 128 Dreyer wear
- 129 Hams
- 130 German article
- 131 Energy unit
- 133 Born
- 135 Olympic swimmer Rowdy
- 139 Religious
- 141 Digital
- 144 Equivocating
- 145 Radiant
- 146 Dreamer's opposite
- 147 Struck out
- 148 Mahana
- 149 Concurs

- 106 Campus letter
- 107 Nut from a Chinese tree
- 110 Gain
- 111 Kind of economy
- 112 Chant ending
- 114 Chess finale
- 117 Oblique
- 118 Hit it big
- 119 Book of prayers
- 121 Two-channel
- 122 Actress Ryder
- 123 Musicians' transitions
- 124 Two-l creatures
- 130 Issue
- 132 Defraud
- 134 Wired
- 136 Narnberg
- 137 Formerly, formerly
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Rockies' Raw Glare of Inexperience

By Jay Privman
New York Times Service

DENVER — The difference between the Atlanta Braves and the Colorado Rockies is what separates teams in all sports. It is why the aging Houston Rockets made it four games-and-out in last year's National Basketball Association finals against the younger, flashier Orlando Magic, and why the San Francisco 49ers have five Super Bowl victories.

They have all been here, done that, and no punk upstart tugging at their sleeves is going to distract them.

The Rockies have been left to ponder all the what ifs after consecutive losses Tuesday and Wednesday nights in the first two games of a National League division series.

After rallying in the ninth to win by 7-4 Wednesday night, the Braves only need one more victory to clinch the three-of-five games series. And no team has ever won a five-game series after dropping the first two games at home.

Both teams traveled Thursday to Atlanta, where the remaining games in this series

will be played. They are scheduled to begin Friday, pending the field condition in the wake of the hurricane earlier this week.

The Rockies insist they can play with the Braves, the winner of the East Division four of the last five years, but seven innings does not make a game make. In the first two games, the Braves scored the game-winning run in the ninth.

So, Colorado's manager, Don Baylor, can hang his head, lament, as he did Wednesday night that "the thing is we should be up 2-0 going to Atlanta." But the bottom line is that the Rockies' playoff inexperience is showing.

"We beat ourselves, not making plays," Baylor said. "The history is that when they beat us, we beat ourselves."

The Braves have a vastly superior starting pitching staff, a bullpen every bit as good because of the intimidating closer Mark Wohlers and the ability to find a new hero at the plate every night.

In Game 1, it was the rookie third baseman Chipper Jones, who knocked two home runs. In Game 2, the stars were Marquis Grissom, who homered twice, and Mike

Mordecai, the pinch-hitter who drove in the game-winning run when given the green light to swing on a 3-0 count in the ninth.

In Wednesday night's loss, the Rockies banded back from a 3-0 deficit to take a 4-3 lead into the top of the ninth. But Jones led off with a double, then scored on Fred McGriff's bloop single to tie the score at 4-4.

Two outs later, Mike Devereaux singled. Mordecai then lined Darren Holmes' fast ball into center field to score McGriff and give the Braves a 5-4 lead. Atlanta added its final two runs when second baseman Eric Young threw the ball away on a grounder that should have been the final out.

When the inning ended, the crowd of 50,063 booted the Rockies.

After failing to beat Greg Maddux and Tom Glavine, the Rockies now must face John Smoltz, who has been Atlanta's most reliable pitcher in the playoffs this decade.

In 10 playoff appearances, Smoltz is 5-1 with a 1.94 earned run average. The Rockies will counter Friday night with Bill Swift, who was 9-3 with the Rockies this year but has a sore shoulder. Swift will have surgery after the season's final out.

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